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Automotive News

December 26, 1988

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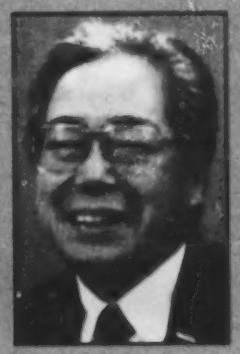
1988 Newsmakers of the Year

Malcolm Bricklin: Entrepreneur got $20 million for his interest in sagging Global Motors, then vowed to return to auto industry by raising $1 billion to buy a group of dealerships.

John Campbell: California dealer sold half interest in eight lines — including GM's Saturn, Ford and Nissan — to Britain's Lex Service, becoming first U.S. dealer selling stake to a public company.



Norimasa Furuta: Mazda's new president engineered major financial turnaround in first year on job, with sales in Japan recovering, supplier efficiency improved and new product successes.

Vittorio Ghidella: Flamboyant Fiat Auto president negotiated joint venture with Chrysler, a deal in Poland, and then abruptly quit amid internal battle over political power and corporate policy.

Gerald Greenwald: Chrysler vice chairman caused furors closing Kenosha plant and putting Acustar on — then off — the block, but established Fiat deal and became Lee Iacocca's heir apparent.

INSIDE: The Year in Review

H. Ross Perot: GM's perennial irritant hired away dozens of EDS employees for a new business, which won U.S. postal deal that GM sued to cancel, in wave of legal-personality battles.

Donald Petersen: Backed new Ford attitude that led to Continental, Probe and Thunderbird product successes, another year of record profits and the beginnings of a joint venture in Russia.

Ralph Sarich: Managing director of Australia's Orbital Engines produced modern two-stroke engine, which many manufacturers touted as a milestone for powering future small cars.

Robert Stempel: Took hold as GM president and prominent spokesman, overseeing big recovery in Europe, surge in trucks, signs of future product improvements — as sales, profits rebounded.

Ron Tonkin: NADA's outspoken president-elect set strong tone for dealer-factory relations, proposed merger of NADA and AIADA, and personally applied to become U.S. Lada distributor.

Global eyes foreign aid from Yugo

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — Negotiations are reportedly under way for the manufacturer of the Yugo subcompact to buy a substantial portion of Global Motors from the private investors who bought out founder Malcolm Bricklin earlier this year.

Zavodi Crvena Zastava, the Yugoslavian parent company of the car's builder, Zastava Yugo Automobili, is seeking to purchase a stake in Global from the investors led by the Wall Street firm of Mabon, Nugent, which last April paid $40 million to obtain the majority share of the distributor.

Meanwhile, the company abruptly pulled out of upcoming auto shows in Washington, Detroit and Chicago, saying it does not have the new product or staff to make a credible showing at all three.

One of Yugo's top 10 dealers, Sidney Oko, owner of Liberty Buick in Libertyville, Ill., said dealers have been told Zastava will purchase "a major share" of the Mabon, Nugent investment, though probably not a majority interest.

"I'm real excited about it. It eliminates a certain amount of middleman," he said.

"Mabon, Nugent just bought it as an investment, to make money by selling shares to investors. They had no real interest in it other than to make money. The Yugoslavians have a real national pride in it, and they want to make it in the American market. Now they're putting their money where their mouth is," Oko said.

The Mabon, Nugent group bought out auto entrepreneur Malcolm Bricklin's 70 percent interest in Global Motors last spring.

Since then, the group is thought to have motivated the ouster of Global Motors President and CEO William Prior last month and numerous layoffs at the company headquarters.

Anthony T. Ciminera, executive vice president for product planning for Global subsidiary Yugo America, last week said he couldn't comment on the purported negotiations.

And Mabon, Nugent officials have failed to return repeated telephone calls for over a month.

However, Global Motors is clearly in trouble.

see YUGO, page 30

Hot cars scarce

As T-bird, Cougar go on sale

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

Ford Motor Co. launches its new Thunderbird and Cougar models today — hoping to capitalize once again on a date that has brought magic in the past.

But customers anxious to get their hands on the supercharged versions of the specialty coupes will likely be in for a wait.

Production of the Thunderbird Super Coupe and Cougar XR-7 continues at a trickle, in part because of earlier concerns about the durability of engine crankshafts. Ford found that a high percentage of the cast crankshafts it planned on

Lumina's unveiling
The 1990 Chevrolet Lumina all-purpose vehicle will be among six vehicles the automaker introduces at the North American International Auto Show next week in Detroit. The front-wheel-drive APV is available with seating for seven, and offers dular seats that are individually removable for a variety of seating combinations.

2 VWoA executives die in plane crash

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

On the eve of Volkswagen's 40th anniversary as an importer — a year it hopes will mark a turnaround for the U.S. franchise — two top officers were killed last week aboard Pan Am flight 103.

James Fuller, vice president in charge of Volkswagen United States, and marketing director Lou Marengo were returning from VW meetings in West Germany when the jet crashed in Scotland Wednesday.

More than 250 people died, including at least one other auto executive, Greg Kos-

see CRASH, page 33

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Metal experts rally around platinum Page 3

Sonata tackles giants; Prizm is Geo flagship Page 4

German profits reflect sales difficulties in U.S.

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — Preliminary 1988 results released by Daimler-Benz, Volkswagen and Audi reflect the continuing difficulties of West German manufacturers in the United States.

The rise of the mark against the dollar has squeezed profit margins in the slumping luxury-import segment in which Mercedes-Benz and Audi compete.

Daimler-Benz Chairman Edzard Reuter said 1988 group earnings will be "satisfactory," but he cited increasing price competition and lower sales in the United States.

Reuter didn't give a profit figure, but said Daimler will pay a dividend of 12 marks per 50-mark share, unchanged from last year. Afterwards, Daimler's share price fell in trading on the Frankfurt Stock Exchange.

Several analysts have predicted that Daimler's 1988 net profits will decline slightly because of problems in the passenger-car sector. Last year, Daimler-Benz reported net profits of 1.78 billion marks ($1.02 billion).

Daimler said it expected sales in the United States to decline 8 percent in 1988 to 84,600 units. Mercedes sales in Europe this year are about even with 1987.

Total Mercedes car production will fall 6 percent in 1988, to 560,000 from 598,000 in 1987. The decline is traced to a 14 percent drop in production of diesel models and aging S-class sedans, which have come under intense competitive pressure from BMW's 7 series.

Daimler-Benz said it expects group revenue to increase 8 percent in 1988 to 73 billion marks ($41.9 billion), with most of the gain attributable to its booming commercial-vehicle operations.

VW said worldwide group revenue will increase 8 percent in 1988 to about 59 billion marks ($33.9 billion), but cited "a very difficult market situation" in the United States due to "the unrelenting competitive price war".

Through the first 11 months, VW brand sales in the United States were down 10.11 percent to 158,685.

Despite the sales drop, VW last month reported an improved financial picture in the United States. In 1987, VW's U.S. operations absorbed a 380 million mark ($218 million) extraordinary loss for closing the Westmoreland, Pa., assembly plant and showed an overall loss of 572 million marks ($328 million). Most analysts believe sufficient provisions to cover the Westmoreland closure were made last year and that VW should return to the black in the United States in 1988.

VW said this month that 1988 group profits will be higher than the 598 million marks ($343 million) earned in 1988, but did not elaborate. In September, VW Chairman Carl Hahn predicted that group earnings would rise at least 9 percent for the full year. VW's nine-month earnings were up 7 percent to 419 million marks ($240 million).

VW confirmed that Seat, the Spanish automaker it acquired in 1986, has achieved its first profit in 11 years in 1988, but did not quote figures. Seat Chairman Juan Antonio Diaz Alvarez has said the company expects to make a net profit of about 1.8 billion pesetas ($16 million) in 1988, compared with a loss of 3.3 billion pesetas ($27 million) in 1987 and a deficit of 27.4 billion pesetas ($222 million) in 1986.

VW also said this month that its Autolatina joint venture with Ford in South America showed "considerable progress" in 1988. In November, VW said losses at Autolatina have been reversed this year.

VW's Audi unit said that net earnings as a percentage of sales rose to 3 percent from 1.8 percent in the first 10 months of 1988, but it did not detail financial results.

Audi's worldwide sales revenue for the period increased 1.9 percent to 9.41 billion marks ($5.4 billion). Unit sales edged upward to 353,600 from 350,800 despite a sharp decline in the United States. Audi said 11-month sales in the United States fell 45.20 percent from 39,486 to 21,637.

The company's West German sales were off 12 percent, to 156,400, in the first 10 months, but rose 30 percent to 153,200 elsewhere in Europe.

IT'S CLOSE

Fiat, VW slug it out for lead in Europe

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — Fiat Group and Volkswagen AG will go down to the wire in their race for first place in European new-car sales for 1988.

With another record year of more than 12 million car sales assured in Europe, all eyes are on the battle between Fiat and VW. The Italian group has led the entire year, though VW began a comeback last summer.

VW has followed the same pattern as in 1987 when it came from behind to catch Fiat. However, the West German market has stalled in recent months, slowing VW's surge to the top.

After three years as No. 1, VW trailed Fiat by 14,200 units and one-tenth of a percentage point in market share, 14.7 to 14.8 percent, for the 11-month period.

In November, VW outsold Fiat by 8,200 units — 152,100 to 143,900 — the fourth straight month in which VW has bested Fiat.

Overall, Western European sales in November were 1,001,200, a 4.4 percent gain over last year, according to industry estimates compiled by Automotive News. Sales for the year-to-date are 12,032,900 units, 4.4 percent ahead of last year's record pace.

The November increase followed a 5 percent decline in October that some analysts reckoned was the beginning of an expected downturn. However, many industry executives don't think sales will decline until the second half of 1989. November's figures supports that opinion.

"I hope we keep snow-plowing (the expected decline) even further into the future," said Ford of Europe President Louis Lataif in a recent interview. "The first quarter still looks OK."

Meanwhile, as Fiat and VW go at it hammer and tongs, the importance of being No. 1 in Europe is debated. It is clearly a morale-booster and can be used in advertising. But its tangible benefits are suspect.

"There is really not much benefit for the companies but it is nice to know you're No. 1," said Sanjay Dabysing, an analyst with DRI-Europe.

Fiat and VW have made European sales leadership a two-company race through acquisitions. In 1986, VW bought the Spanish automaker Seat, while Fiat acquired Alfa Romeo.

Peugeot SA has actually recorded the biggest sales gain this year among Europe's six volume manufacturers, gaining 11.3 percent to 1,541,300 through November. That was good for a 12.8 percent share. Aided by the new 405 compact, the group has 35 percent of the French market.

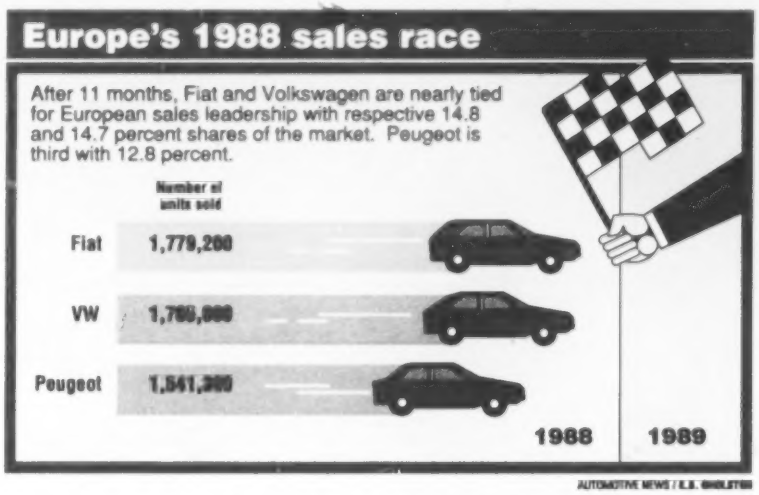
Fiat group sales, including Fiat, Alfa and Lancia, totaled 1,779,200 through the first 11 months, up 7.5 percent from 1987. Fiat increased sales with its new Golf-fighting Tipo, recently named European Car of the Year.

Fiat also has been aided by a robust Italian market, which in November surpassed 2 million units for the first time. Fiat group nameplates control just under 60 percent of Italy's market.

see SALES, page 19

Europe's 1988 sales race

After 11 months, Fiat and Volkswagen are nearly tied for European sales leadership with respective 14.8 and 14.7 percent shares of the market. Peugeot is third with 12.8 percent.



AUTOMOTIVE NEWS / E.S. SHIELDS

Fiat, Peugeot to hike Sevel van output

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — Fiat S.p.A. and Peugeot S.A. plan a major investment aimed at sharply increasing output of light-utility vans produced by the companies' Sevel joint venture.

A Fiat official said most of the new output likely will be for passenger use rather than commercial vehicles.

The two automakers will spend 3 billion francs ($498 million), divided equally, to reopen a mothballed Peugeot car plant in Valenciennes, France.

Further unspecified sums will be spent to enlarge the existing Sevel (Societa Europea Veicoli Leggeri) plant in Val di Sangro, Italy, as well as to convert an Alfa Romeo components factory in Pomigliano, Italy, to van production.

Sevel's current annual production of 121,100 units will be about doubled by 1994 or 1995.

Val di Sangro now produces 500 units daily, while Pomigliano builds 50 commercial vehicles per day as well as components. The Pomigliano plant will be switched to commercial-vehicle output exclusively.

"Altogether, the three plants will be producing over 1,000 units per day," a Fiat spokesman said.

The existing joint venture, which was formed in 1978 and reached full production in 1982, produces vans up to 3.5 metric tons. They are badged as Fiat Ducato, Peugeot J5 and Citroen C25.

The models are basically the same design but use different engines and transmissions, provided by each of the producers. Passenger vans make up about half the output.

The pact to expand the joint venture was signed last week in Turin by Peugeot Chairman Jacques Calvet and Fiat Auto Managing Director Cesare Romiti.

There was widespread speculation last week that Fiat and Peugeot plan to use the Sevel venture to develop a small passenger van to compete with the Renault Espace, Plymouth Voyager and other minivans slated for the European market. However, a Fiat spokeswoman in Turin denied such plans.

"There is no paranoia about any particular model," she said. The expansion is intended to broaden the range of van products below 3.5 metric tons.

"These vans are doing very well," said another Fiat official in Turin. "They are small, flexible and handy. The market has increased about 17 percent in Italy this year and there is a lack of capacity."

The spokeswoman said such partnerships make good sense in the face of Europe's planned 1992 market unification.

Capri ragtop delayed again; price to climb

By Pedr Davis
SPECIAL CORRESPONDENT

SYDNEY, Australia — The small Capri convertible that Ford Australia plans to build for the U.S. market has run into further delays and may not be seen until 1990.

And recent strengthening of the Australian dollar means that the car will not be as competitively priced as Ford had hoped when it announced the project.

A Ford Australia source said his company has all but given up hope of having the car ready for its most recent target date, September 1989.

Even Christmas 1989 is "touch and go," the source said, adding that the most likely date for the Capri to reach U.S. showrooms is early 1990.

When Ford announced its plans three years ago, the Australian dollar was worth around 70 U.S. cents.

This month, the Australian dollar rose to around 88 cents before settling in the mid-80s. That means the Capri is unlikely to be as competitively priced in the United States as Ford had originally planned.

Publicly, Ford Australia Managing Director Bill Dix remains confident about Capri's launch, but he declines to comment on the delay.

"The car will be released when our testing tells us it is right," he said. "It is taking a little longer due to the requirement to put in air bags, but we will get everything right."

All cars sold in the United States beginning with the 1990 model year must be equipped with some form of passive restraints.

Even before passive restraints became an issue, the front-wheel-drive convertible was behind schedule because of a series of manufacturing and quality-control problems experienced with the launching of Ford's new sedans for the Australian market.

Ford Australia introduced three completely new models during 1988 — the Falcon EA and two long-wheelbase derivatives called Fairlane and LTD.

The production of those cars was far more taxing on the company's resources than anticipated. Ironing out the production glitches took precedence over the Capri project. Also, demand for the Falcon has outpaced supply, and the production level for that car is likely to be kept low to keep quality levels up. With Ford Australia and GM's Holden subsidiary fighting for the top spot in the full-size four-door market, Ford does not want to compromise quality, profits or market share for a U.S.-only sportster.

In addition to all of the above, the requirement that all Capris sold in the United States be fitted with passive restraints has pushed the Capri's release date back "at least six months," the Ford source said.

Already, a number of Capris have been barrier-tested without air bags.

The Capri is based on Mazda 323 mechanical components and is designed to offer a variety of powertrain combinations.

Ford Australia has geared up to produce 32,000 to 35,000 cars each year for the United States and about 5,000 right-hand-drive Capris for the local market.

Christmas cheer, Ford style
Above, eight-year-old Tiffany and auto worker Gwen Boynton head for the cashier with bags of Christmas gifts. Tiffany and 27 other children jammed shopping bags with gifts that were paid for by hourly and salaried workers at Ford's Dearborn, Mich., stamping plant. For the past three years, plant employees have donated money and time to bring Christmas happiness to youngsters temporarily in foster homes. This year, workers collected nearly $6,000. At right, Tiffany meets Dearborn stamping plant workers during a plant tour.

AUTOMOTIVE NEWS: JOE WILSEENS PHOTOS

FORD BULLISH: *Economist Zimmerman sees 15.4 million sales for '89*

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

DEARBORN, Mich. — Ford Motor Co. is again donning its rosy forecast glasses, estimating that U.S. consumers will take home 15.4 million new cars and trucks in 1989.

While that outlook might subject Ford to charges of wishful thinking, chief economist Martin Zimmerman pointed out that the company's sanity was questioned last year at this time, too.

In the wake of the October 1987 stock market crash, Ford countered the prophets of doom by pegging 1988 sales at the then-ambitious mark of 15 million.

Now, as the U.S. industry heads toward a 15.7-million-unit year, Ford's forecast has turned out to be too cautious.

Zimmerman suggested in a recent interview that the economy would do well by cooling down in the coming 12 months.

This year's surprising growth rate of 3.7 percent, as measured by gross national product, is pushing the economy to its limits and brewing some potentially strong inflationary pressures, he said.

If the economy continues growing at a 3 percent clip or more, Zimmerman expects the Federal Reserve Board again to tighten reigns on the money supply. After the middle of 1989, if tighter money does keep growth in check, interest rates should begin falling, he said.

There is no compelling reason for a recession to occur just because the current expansion has carried on for six years, according to Zimmerman.

He said one of the top priorities of the Bush administration should be to trim the federal budget deficit.

"The budget deficit is not going to drive us off the cliff next year," he said. "But it's the kind of thing that's important if you want to put into place policies for sustained growth in the economy."

Zimmerman said the most desirable remedy would be to cut government spending.

"If we are forced to go to tax increases, then the way we should go is a consumption tax," Zimmerman said. "The last thing you want to do is tax investment."

He said he would support a tax on gasoline as part of such a plan. But he believes the idea of a 50-cent-per-gallon tax would be too much too soon.

Zimmerman said he believes consumers will remain generally optimistic in 1989 — as long as unemployment is low, the economy is growing and interest rates aren't climbing.

The big potential worry is inflation. He's predicting a 5 percent rise as measured by the Consumer Price Index in 1989.

Too steep a rise would trigger steps to slow down the economy and "derail the trajectory" of growth, he said.

As for Ford, Zimmerman believes the company is in a position of strength because it's building nearly 20 percent of its vehicles on overtime.

That means the company could absorb a significant slowdown without laying off workers and idling plants, he said.

Metal experts rally around platinum

By Arthur Flax
AUTOMOTIVE NEWS STAFF REPORTER

While world metals markets digested the impact of a new Ford Motor Co. catalytic converter that doesn't use platinum, experts cautioned that the traditional catalyst would remain the primary one used to turn pollutants into harmless materials.

But those experts added that the concentrations of platinum and other precious metals now commonly used in catalytic converters are likely to be juggled according to the requirements of the countries where they are used.

Earlier this month, Ford's announcement that it had developed a catalytic converter that does not require platinum sent prices of platinum and other precious metals plummeting worldwide.

Ford is producing the new catalytic converter in a pilot program for 40,000-50,000 1989 Thunderbird/Cougar models that will be sold in the California market.

A Ford source familiar with the program said the new device uses a combination of palladium and rhodium — both mined along with platinum — and cerium, an abundant element.

James H. Kennedy, manager of mid-sized specialty car development engineering, said Ford will utilize the new technology in future car models, but its introduction will occur slowly and will be timed to the certification of new engines.

Manufacturers of catalytic converters say platinum will continue to be prominent as the catalyzing agent in all countries where catalytic converters are being used, but the high purity of unleaded fuel in the United States and Japan has allowed engineers to use more palladium, which is less expensive.

Unleaded fuel in Europe is more likely to be contaminated than unleaded fuel in the United States and Japan, according to John J. Mooney, manager of technical services for Engelhard Corp.'s environmental catalysts group. He said this makes platinum more effective because it is more resistant to the harmful effects of lead on the operation of a catalytic converter.

In the Far East, where there is little danger of lead contamination in gasoline, about 25 percent of catalytic converters use a combination of palladium and rhodium, according to Engelhard.

But Johnson Matthey, a Great Britain-based major manufacturer of catalytic converters, said there has recently been a move away from systems in Japan that used palladium and rhodium to platinum- and rhodium-based three-way catalysts.

Johnson Matthey called Ford's announcement about its non-platinum catalytic converter technology "exaggerated and inconsistent with the technical possibilities," and predicted that platinum will remain the prime metal used in catalytic converters.

Mooney agreed, saying combinations of the three platinum group metals are likely to continue to be used in domestic units.

Juergen Strutz, head of the catalyst department at W.C. Heraeus Gmbh, a precious metals supplier and catalytic converter manufacturer located in Hanau, West Germany, said, "We are not so disturbed over the Ford announcement. What we see is that this Ford idea is an old one. We see technical advantages in using platinum and rhodium."

But the experts disagreed on the potential supply of platinum and platinum group metals.

The supply of platinum, though influenced to some extent by political considerations — South Africa and the Soviet Union have the largest deposits — is not short, Strutz said. He said South Africa is looking for new platinum markets.

However, Johnson Matthey is forecasting a 1988 supply shortfall of 465,000 ounces of platinum and a continuing deficit during the next few years.

Palladium and rhodium are found in the same mines as platinum. The concentration of palladium may be greater or less than that of platinum, but the cost of palladium is about one-fourth that of platinum.

Rhodium, found in smaller concentrations than either platinum or palladium, sells for more than twice the price of platinum, but only minute amounts are used in catalytic converters.

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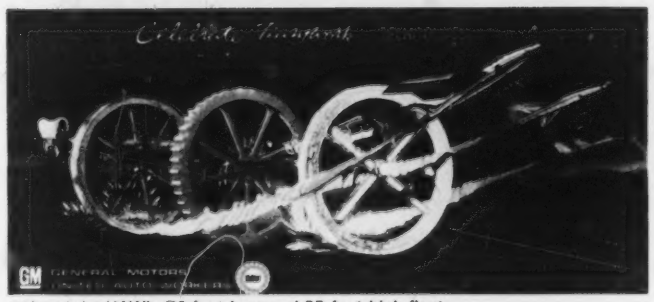
GM and UAW join forces on Rose Bowl float

PASADENA, Calif. — To highlight their commitment to teamwork, General Motors and the UAW will jointly sponsor a float in the 100th Tournament of Roses parade Jan. 2.

It will be the parade's first float sponsored jointly by a corporation and a union.

The 75-foot-long and 35-foot-high float, entitled "Teamwork and Technology," depicts America's progress in transportation over the last 100 years. GM and the UAW kicked off a similarly titled show in New York earlier this year.

The GM/UAW float features three large rotating wheels defining the three eras of modern transportation: a wagon wheel, a gear and a space station. Other scenes include a Conestoga wagon, steam engine, helicopter, jet plane, satellite and futuristic car.



GM and the UAW's 75-foot-long and 35-foot-high float

Several GM divisions supplied components for the float. The outer structure will be supported by a chassis built by members of UAW Local 157 at the truck and bus group's Detroit assembly plant.

A 454-cid V-8 engine, built by Local 774 members at the Chevrolet-Pontiac-Canada Group's Tonawanda, N.Y., plant, will power the 25,000-pound float. Delco Remy Division will provide the battery, and the float's hydraulics will operate off a Quad-4 engine built by Local 652 members at the Buick-Oldsmobile-Cadillac Group's plant in Lansing, Mich.

The three 15-foot wheels will revolve on a 50-foot shaft. They are suspended over a 28-foot motorhome chassis developed into a custom see-through frame.

The engine was selected because of its heavy-duty cooling ability, which is important because of the low float speeds and stop-and-go movements.

Workers at C-P-C's Van Nuys, Calif., plant and from other GM facilities in California have volunteered to complete the floral exterior.

The original concept for the float was proposed by employees at the Van Nuys plant and UAW Local 645, who then sought a parade invitation and later received funding from the UAW and GM.

The float was designed and constructed by veteran float-builders C.E. Bent & Son, the largest float-builder in the parade.

November truck sales by manufacturer and segment

		14,000 & LESS GVW CLASS 1-3	14,001-16,000 GVW CLASS 4	16,001-19,500 GVW CLASS 5	19,501-26,000 GVW CLASS 6	26,001-33,000 GVW CLASS 7	33,001 & OVER GVW CLASS 8	TOTAL 1988	TOTAL 1987
CHRYSLER-PLYMOUTH	MO	13,998						13,998	12,021
	YR	176,993						176,993	127,430
DODGE	MO	40,364						40,364	42,751
	YR	525,457						525,457	521,692
JEEP	MO	22,428						22,428	19,450
	YR	231,542						231,542	186,771
TOYOTA	MO	17,604						17,604	18,548
	YR	227,647						227,647	278,780
NISSAN	MO	12,302						12,302	16,008
	YR	155,282						155,282	201,121
MAZDA	MO	5,770						5,770	6,969
	YR	86,906						86,906	115,261
ISUZU	MO	8,169						8,169	5,553
	YR	81,649						81,649	82,134
MITSUBISHI	MO	3,353						3,353	4,478
	YR	40,218						40,218	47,683
SUZUKI	MO	1,444						1,444	5,082
	YR	53,454						53,454	76,257
RANGE ROVER	MO	169						169	327
	YR	2,983						2,983	2,205
FORD	MO	112,559	1,553		743	2,679	1,408	118,942	119,043
	YR	1,336,782	18,256		10,076	32,968	13,612	1,411,694	1,337,178
FREIGHTLINER	MO						1,994	1,994	1,792
	YR						21,908	21,908	21,398
CHEVROLET	MO	107,104		19	703	649		108,475	89,848
	YR	1,227,391		222	7,154	8,642	273	1,243,682	1,091,743
GMC	MO	29,218		459	552	982		31,211	26,347
	YR	326,656		4,825	10,925	14,039	1,090	357,535	318,104
KENWORTH	MO					30	1,422	1,452	1,027
	YR					411	15,113	15,524	12,854
MACK	MO				238	316	2,103	2,657	1,743
	YR				1,847	2,500	19,892	24,239	21,541
MERCEDES	MO				97	129		226	262
	YR				1,021	1,742		2,763	3,536
NAVISTAR	MO		18	6	1,339	2,032	2,105	5,500	4,761
	YR		256	295	16,629	29,928	31,010	78,118	66,831
PETERBILT	MO					48	1,452	1,500	1,098
	YR					357	14,707	15,604	11,377
VOLVO	MO					114	1,896	2,010	1,001
	YR					1,318	14,585	15,903	11,312
HINO	MO			49	16	103		168	193
	YR			573	450	944		1,967	1,782
NISSAN DIESEL	MO	28		72	17	68		185	163
	YR	47		691	267	889		1,894	1,542
ISUZU TRUCK	MO	357	61	6	37	42		503	384
	YR	4,250	440	127	738	408		5,963	5,032
MITSUBISHI FUSO	MO	143		39	26	56		264	128
	YR	1,386		470	220	568		2,644	1,484
SCANIA	MO						12	12	7
	YR						144	144	136
IVECO TRUCKS	MO	163	50	28	6			247	190
	YR	1,468	643	328	148			2,587	2,455
WESTERN STAR	MO						118	118	105
	YR						1,334	1,334	1,300
OTHER DOMESTICS	MO					27	30	57	122
	YR				32	76	714	822	1,187
GRAND TOTAL	MO	375,173	1,682	676	3,774	7,275	12,840	401,122	379,413
	YR	4,480,107	19,595	7,531	49,507	94,790	134,382	4,785,912	4,551,692
1987 YR to DATE		4,289,491	1,317	7,811	39,842	93,849	119,782	4,551,892	

NOTE: Class 3 total includes 14 Subarus sold in November 1987; also, 10 Subarus sold for 11 months of 1988 and 1,286 sold for 10 months of 1987.

Sales head for record

1988 total will be close to 5.2 million

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

U.S. truck sales continued their record-setting pace in November, assuring a total of nearly 5.2 million for calendar 1988.

Industry sales, including light, medium and heavy trucks, totaled 4,785,912 through November, up 5.14 percent from 4,551,892 in the year-earlier period.

November sales of 401,122 were up 5.72 percent from 379,413 a year ago.

The Class 3 light-duty, Classes 4 and 6 medium-duty and Class 8 heavy-duty segments are the big winners this year.

Class 7 sales recorded a small increase, and Class 5 was off slightly for the first 11 months of 1988.

Ford has been the driving force behind Class 4 sales, which skyrocketed from a mere 1,317 in 11 months of 1987 to 19,595 for the same period in 1988.

General Motors and Chrysler, eyeing the success of Ford's Class 4 Super Duty models, have expressed interest in fielding competitive units in that segment, which is projected to be the fastest-growing in the truck industry during the next five years.

As indicated by Class 5 sales, which managed to hold up fairly well, most of the Class 4 buyers are coming from the light-duty truck segment.

Generally, they are people who previously had to overload a 12,000- to 14,000-pound GVW unit to get the job done.

Eleven-month sales of Class 5 vehicles totaled 7,531, according to the Motor Vehicle Manufacturers Association, off only 80 units from 7,611 a year earlier.

Class 6 has grown sharply, with sales of 49,507 for 11 months of this year, up 24.26 percent from 39,842 a year ago.

New Japanese companies have been the main driving force in that segment.

So far this year, Class 7 has been a big disappointment to the many heavy-truck manufacturers that field so-called "Baby 8" trucks in that segment.

Eleven-month Class 7 sales of 94,790 were up slightly from 93,849 a year ago.

Class 8, with 134,382 sales for 11 months, was up 12.19 percent from 119,782 a year ago, heading for its best performance since 1979.

Driver comfort accented in Navistar's new models

By Lindsay Chappell
AUTOMOTIVE NEWS STAFF REPORTER

NEW ORLEANS — Navistar International Transportation Corp. unveiled its 1990-model heavy and medium trucks with a new commitment from a new top executive to build vehicles that are more responsive to the users.

The new comfort-loaded lineup consists of 11 heavy-duty models in two categories and 11 new medium-duty models in three categories. The 1990 models go on sale early in January 1989.

The line has standardized a number of features designed not so much for performance as for driver comfort, according to Roy S. Roberts, Navistar's new vice president and general manager of truck operations.

The package includes:

- A single-piece molded fiberglass hood and grille, designed to reduce internal cabin vibration by as much as 50 percent.
- Increased wheel cut for greater maneuverability.
- Wider cabs with more shoulder room.
- An 18-inch two-spoke steering wheel to improve instrument panel visibility.
- A new "Euro-look" dash panel with larger gauges and instruments.
- High-back seats to reduce driver back strain.
- Modular, color-coded electrical wiring for easier electrical troubleshooting.

"Our goal is to be responsive to the end user," said Roberts, a former General Motors vice president who took over the truck operations four months ago.

"Our customers are telling us that attracting drivers and keeping them happy is a crucial issue. They do that in part by offering a well-built, comfortable truck to drive. Driver comfort has become a big issue in this business," he added.

The new heavy-duty line includes seven 2000-series 112-inch bumper-to-back-of-cab models and four 8000-series 96-inch and 112-inch models.

The medium truck line consists of two new 3000-series bus chassis models; seven 4000-series pickup, delivery, utility, construction and refuse trucks; and two 7000-series tandem-axle straight trucks.

The new models replace the International S-series design the company introduced in 1978.

According to Mark Schwabero, general manager of medium-truck products, the new design is the result of "thousands of interviews with drivers, mechanics, service supervisors, private fleet owners — the entire spectrum of the truck transportation industry."

Approximately 40 percent of Navistar's truck sales are from individual buyers.

In conjunction with the new-product launch, the company plans a direct-mail marketing campaign to reach 250,000 potential buyers with product information.

Navistar spent almost $80 million on research and development last year, much of which has resulted in the 1990-model changes, according to Roberts.

"Innovation is obviously important to us," he said. "This is a mature industry.

"One of my goals here is to help create an environment of risk-taking. Through risk-taking and innovation, if we're attuned to the people who use our product, we should be able to grow in the market," he added.

Despite the enthusiasm, Navistar officials concede the company is expecting a downturn in unit sales for the coming year — both for Navistar and the industry as a whole.

While the company boosted mar-

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STORY OF THE YEAR

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COMING JAN. 23: AUTOMOTIVE NEWS NADA PREVIEW EXTRA

Industry Editor
Al Fleming

Assistant Industry Editor
Edward Peabody

1988 STORY OF THE YEAR

General Motors' apparent turnaround is named *Automotive News* Story of the Year in close balloting among editorial staffers

By John K. Teahen Jr.

General Motors, the auto industry's slumbering giant, showed signs of awakening, and the corporation's new posture was voted the Story of the Year for 1988 in the 36th annual *Automotive News* editorial staff poll.

It was a significant turnaround from 1986, when the top story was "A time of turmoil at GM." That turmoil included plant closings, a drop in market share, a scaling-back of the Saturn project and the spin-off of bus and heavy-truck operations.

This year's vote was much closer than in 1987, when Chrysler Corp.'s purchase of American Motors was the runaway winner.

The runner-up spot for 1988 went to a story that is likely to intensify in 1989. The growing financial difficulties of huge auto dealerships, both chain operations and individual outlets.

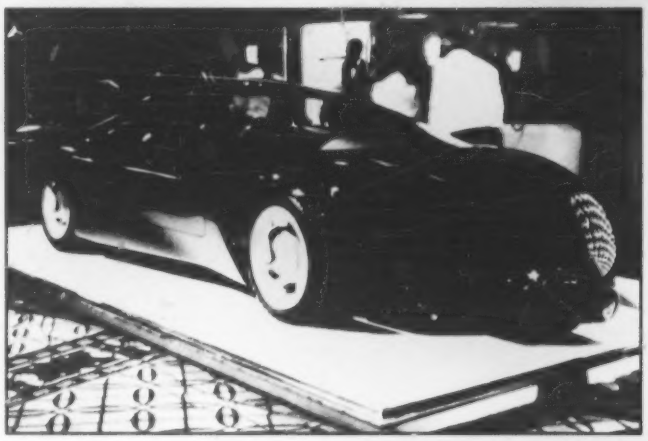
In third place was a sigh-of-relief story — the auto collapse that didn't happen. A year ago, the auto industry, like the rest of the economy, was reeling from the Oct. 19 stock market crash. To put it mildly, the industry was worried about the sales outlook for 1988.

The fears proved groundless. Auto sales have recorded a tidy gain this year, and truck sales have chalked up another record.

But everything wasn't coming up roses on the U.S. sales scene. The fourth-place story was the continued effect of the weak dollar on imported-car sales in this country. High-priced European cars have suffered the most. Sales are down for 10 of the 11 makes in that class.

In fifth place was public ownership of auto dealerships. Judging by activities in 1988, it's an idea whose time has not yet come. A publicly held British firm acquired 50 percent of a California chain, but a Kansas operation was unsuccessful in its bid to sell stock to the public.

Continued on page E6



The "Teamwork and Technology" extravaganza, held last January at the Waldorf Astoria in New York, was General Motors' answer to charges of look-alike cars. Rather than exhibit far-out styling exercises, GM took the unprecedented step of showing the public its product plans for the not-too-distant future. Charles M. Jordan (above), vice president of GM's design staff, stands alongside the Cadillac Voyage, which received rave reviews. Other highly acclaimed cars were the Pontiac Banshee (left) and Buick Lucern (below).

JOE WILSBERG PHOTOS

STORY OF THE YEAR

Continued from page E2

GM Stirs

General Motors has taken its lumps, both in the media and in the market, in the last few years. Its marketing strategy has been questioned; its look-alike cars have been criticized; it was beaten in profits by Ford Motor Co. in 1986 and again in 1987. And its share of the U.S. car market fell from 42.49 percent in 1985 to 36.45 percent in 1987.

Bashing GM has been popular and, to a great extent, justified.

But in 1988 the sleeping giant stirred and may be about to awaken.

Last January the corporation took the unprecedented step — for GM — of showing the public its product plans for the not-too-distant future. Its Teamwork and Technology exhibit opened in New York and drew good reviews there and in other cities in which it was staged.

The vehicles displayed were not far-out styling exercises like the Motorama cars of old. They were an answer to look-alike charges.

Indeed, some distinctive models are already in the showrooms. Chevrolet's Corsica and Beretta do not ape the products of other GM divisions. Reatta is Buick's alone. Pontiac Grand Prix, Oldsmobile Cutlass Supreme and Buick Regal are built off the same GM10 platform, but the desired differences are there.

There has been progress in other areas, notably earnings. Third-quarter profits totaled an industry record $859 million, of which $805 million was operating profit. GM topped Ford for the quarter, a definite rarity in the last three years. GM also expects to share some of the wealth with its 450,000 U.S. hourly and salaried workers in the form of profit-sharing payments averaging $200. The last time the automaker gave out profit-sharing checks was 1985.

Market share has stabilized. GM's car sales (including captive imports) accounted for 36.15 percent of the U.S. total in the first 11 months of this year. That was down from 36.75 percent a year ago, but GM lost 1.50 percentage points in 1986 and 4.54 percentage points in 1987.

Light trucks are a bright spot. For the first 11 months of this year, Chevrolet was 111,000 units behind Ford; a year ago, Chevy was 211,000 behind. Combined, Chevrolet and GMC continue to lead Ford in light-truck sales.

Production costs have been reduced, although GM's costs are still the highest of the Big Three U.S. automakers. Quality has risen, and GM's component divisions, threatened only a year ago with massive closures, have improved their competitive positions.

Some of GM's newest automated plants — initially plagued by high-tech gone haywire — are finally running efficiently.

Capital spending is declining. Much of it was for new or modernized facilities, and that work has been completed.

European operations have contributed much to GM's financial comeback. After losing $2 billion from 1979 to 1986, GM-Europe posted a profit of $1.25 billion in 1987. Pre-tax earnings will be higher this year, although the net may slip because of a bigger tax bite.

GM's cost-cutting efforts have been tough on GM's people. Plant closings have trimmed the number of hourly employes, and 40,000 white-collar workers have faded away.

GM isn't completely out of the woods yet. Its high costs and anemic (for GM) market share are insomnia producers for corporate leaders. GM predicts it will gain 1 percentage point of market share in both cars and trucks during the 1989 model year. It seems to be a realistic goal, although it will leave the corporation far behind the car penetration it had as recently as 1985.

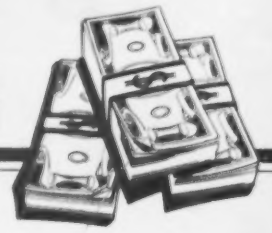
More plant closings appear to be in the offing as GM strives to boost its utilization of production capacity to 100 percent by 1992. The current rate is 75-80 percent.

The economy is another question mark. GM plans to introduce a host of new products in the next year or so, and new products fare best in a strong economy.

But the awakening giant may soon become the fierce competitor it was before its mid-1980s siesta.

Ford continued to outearn General Motors during the first half of 1988, but when the third-quarter figures came in, GM's profits topped Ford's, $859 million to $856 million (see table below). Much of GM's recent success can be attributed to its distinctive new products, such as the L-body Chevrolet Corsica and Beretta (left). Combined, Corsica and Beretta were GM's No. 1 sellers during the 1988 model year.

BIG 3 RESULTS



THIRD QUARTER
(In millions of dollars)

	1988 SALES	1988 PROFIT	1987 SALES	1987 PROFIT
Chrysler Corp.	$ 7,914.0	$ 112.5	$ 6,168.6	$ 246.0
Ford Motor Co.	$ 17,728.7	$ 856.3	$ 15,246.8	$ 783.2
General Motors	$ 25,841.3	$ 858.2	$ 22,686.9	$ 812.3
TOTAL	$ 49,784.0	$1,828.0	$ 44,822.3	$1,761.5
NINE MONTHS				
Chrysler Corp.	$ 23,174.5	$ 616.6	$ 18,618.1	$ 939.5
Ford Motor Co.	$ 90,858.2	$4,142.3	$ 52,695.5	$3,883.9
General Motors	$ 81,378.6	$3,456.8	$ 75,483.6	$2,715.1
TOTAL	$165,412.3	$8,216.9	$146,899.2	$7,347.6

Dealer Problems

The past year has not been a banner period for a lot of mega-dealers and large individual outlets, and those difficulties captured second place in this year's voting.

Continued on page E8

Chrysler TC by Maserati voted Flop of the Year

UAW's blockage of Acustar sale is named Coup of the Year for 1988 by editorial staff

By John K. Teahen Jr.

For the second year in a row a car has been designated the Flop of the Year by the *Automotive News* editorial staff.

The 1988 choice is the Chrysler TC by Maserati, a $30,000 convertible that was scheduled to debut in early 1987. Delay followed delay, and the first shipment of cars arrived from Italy in mid-December, nearly two years late.

Said one staff member, "At the rate it's going, the car will be five years old before it hits the showroom."

The 1987 Flop of the Year was the Cadillac Allante, which fell far short of the sales projections made by Cadillac executives.

Chrysler also figured in the 1988 Coup of the Year, although not in a manner the corporation will find heartening. The staff's choice for 1988's Coup was the UAW forcing Chrysler to drop its plans to sell Acustar, the corporation's components-manufacturing operation.

Looking ahead, the staff pointed to a number of events that could become 1989's Story of the Year. Among them were a shakeout in the import makes sold in this country; an agreement for Ford to build vehicles in the Soviet Union; and an escalation of rebates and other incentives — "marketing madness," in the words of one staffer — in a slower sales year.

While the tardy Chrysler TC by Maserati was the clear-cut selection as Flop of the Year, it wasn't the only event mentioned. Yugo's problems and the failure of Steven Motors Inc.'s attempt to sell stock to the public also were listed.

So was Chrysler's handling of the attempt to sell Acustar, sort of a reverse twist to the staff's Coup of the Year pick.

One staff member believed General Motors' 1986 buyout of Ross Perot should be the Flop of the Year for 1988, reasoning that Perot is still haunting GM by luring away employees of GM's Electronic Data Systems and by competing with EDS for contracts.

In the Coup of the Year balloting, Malcolm Bricklin and Ford Motor Co. were close behind the UAW's blocking of Chrysler's sale of Acustar.

Bricklin was cited for bailing out of faltering Global Motors (Yugo) with $20 million. Ford was applauded for the Probe and the Continental, two more successes in its string of new-product launches.

Also on the product side, Nissan's product turnaround was noted.

For 1989, the editorial staff expects a shakeout in the import market with Yugo and high-priced European makes feeling the pressure.

Akin to that is the upcoming debuts of the Toyota Lexus and Nissan Infiniti. Some voters questioned the chances for success of the new Japanese luxury cars in a crowded market.

Staff members predicted an increase in dealer financial problems during 1989 and an increase in incentives as sales falter.

GM's continuing comeback was mentioned, but some look for more plant closings. A major 1989 story, said one staff member, will be "GM closes two plants, catches hell, closes two more."

Also at GM, a staffer suggested that there will be more management shifts (there were a ton of them in 1988) as the corporation signals who will be top dog when chairman Roger Smith retires in 1990.

The production situation in the U.S. auto industry was listed as one of the things to watch in 1989 as the automakers attempt to rationalize their capacity to build hot-selling models with the demand for those vehicles.

In 1987, Chrysler Corp. purchased American Motors. One editorial staffer's crystal ball finds Chrysler on the other end of the acquisition process in 1989. He predicted "the Story of the Year will be the leveraged buyout of Chrysler Corp. by a Wall Street finagler. It will happen in October." ■

The first load of Chrysler's TC by Maserati finally arrives in the port of San Francisco (above). The car will be distributed first in California, then other markets.

The UAW protests the sale of Acustar, Chrysler's partsmaking subsidiary, outside Chrysler's Highland Park, Mich., headquarters in February.

STORY OF THE YEAR

Continued from page E6

Financial problems have piled up, forcing some dealers out of business and others into bankruptcy.

In some cases, it seems that their reach was greater than their grasp. Poor planning and/or inadequate management also played a part.

This year saw the end of the chain of 10 dealerships in New Jersey headed by the husband-wife team of Richard and Virginia Pepe. The chain filed for bankruptcy, and the dealerships were sold at auction. The auction brought some $30 million, but that sum was expected simply to cover the debts.

In the Dallas area, General Motors Acceptance Corp. assumed control of Jim Johnson Chevrolet, the nation's largest retailer of Chevrolet vehicles in 1987. The dealership's debts were estimated in the $10- to $15-million range.

Grand Chevrolet of Glendora, Calif., filed bankruptcy papers and ran into licensing problems. A federal bankruptcy judge ordered the state Department of Motor Vehicles to restore its license, but the financial woes remained for the large Los Angeles-area dealership.

GMAC repossessed the GM inventory of Kelton Motors, a Vermont chain that also includes Chrysler Motors, Nissan, Volvo, Isuzu, Freightliner and Volvo GM Heavy Truck franchises.

Thomas J. Price, owner of Chrysler-Plymouth City in Spokane, Wash., filed for bankruptcy. A Washington bank has sued the dealership, claiming default on a promissory note.

The list is expected to grow in 1989.

No Collapse

Remember Oct. 19, 1987? Wall Street does, and not fondly. More than 600 million shares were traded on the New York Stock Exchange that day, and the Dow Jones Industrial Average plunged 508 points. The stock market was also devastated in other countries.

As 1988 began, the U.S. auto industry still wasn't sure what effect the collapse of the stock market would have on new-vehicle sales. Would the economy shake off Oct. 19, or would it be another year like the recession period early in this decade?

Those questions have been answered, and the auto industry is smiling. Those smiles were the basis of the third-place story in this year's poll.

This year's new-car sales are estimated at 10,567,000, up 3.34 percent over last year's 10,225,304. U.S.-built cars paced the gain. The 1988 projection is 7,497,000 versus 7,081,262 in 1987. Imports will finish 1988 at about 3,070,000, down slightly from last year's 3,144,042.

The truck story is even better. This year's sales are expected to total a record 5,175,000, an increase of 4.27 percent over last year's 4,962,938, the current peak.

The results were excellent in other lands as well. Western Europe expects 12.7 million car sales this year, far ahead of the record 12,260,202 registered in 1987. And Japan has enjoyed a year-long car-sales boom.

Import Blues

This year's sales reports weren't cheery for all car brands sold in the United States. The weak dollar continued to buffet big-ticket European imports, and that was the fourth-place selection in the *Automotive News* staff vote.

Through November, 10 of the 11 high-priced European cars trailed their 1987 sales totals. The only gainer was Mercury's Merkur line, which was buoyed by the Scorpio four-door. Scorpio was up 83 percent, while the XR4Ti coupe fell 38 percent. The overall gain was 6 percent.

The in-the-red sales totals ranged from dips of 6.18 percent for Mercedes-Benz and 6.90 percent for Jaguar to 35.77 percent for Austin Rover Sterling and 45.20 percent for Audi. Audi is fighting the unintended-acceleration controversy as well as the weak dollar.

In between the highs and the lows, there also were declines of 9 to 35 percent for Volvo, Saab, BMW, Peugeot, Alfa Romeo and Porsche.

Among Japanese makes, there have been gains and losses. Acura recorded an 11-month sales increase of nearly 20 percent; Mazda's imports went up 10 percent; Toyota's imports rose 9 percent; and Mitsubishi climbed nearly 3 percent.

Honda's sales of imported cars were down, although its combined import-transplant total rose. There were declines for Nissan, Subaru, Isuzu and for the Chevrolet and Chrysler captives. Korea's Hyundai was off for 11 months, but only by 0.55 percent.

The weak dollar is not a 1988 phenomenon. The exchange rate has brought sizable increases in imported-car prices during the past three years, and sales are feeling the effects of those hikes. Stiffer competition from the domestics is also a factor.

Public Ownership

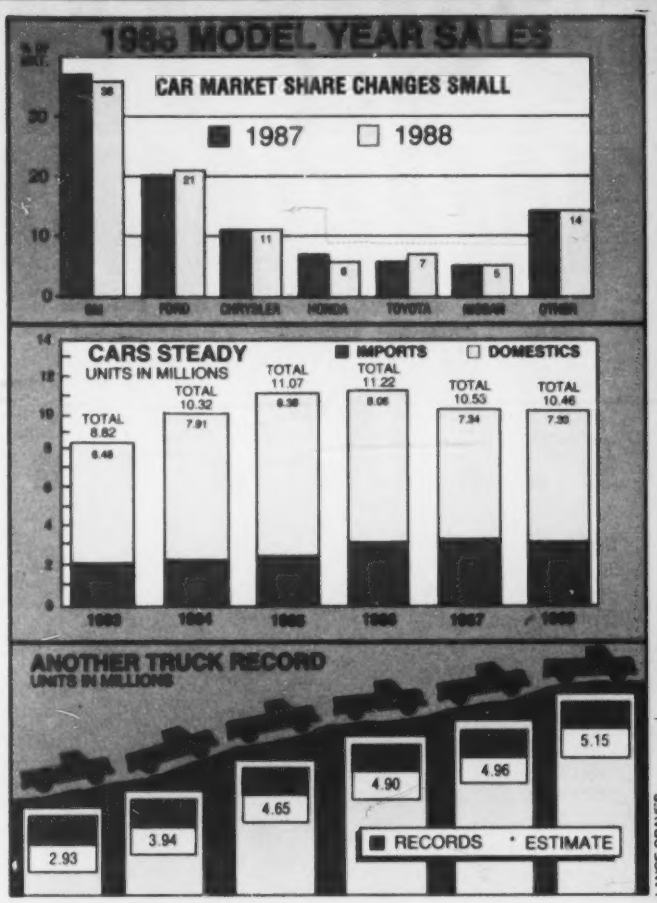
Public ownership of auto dealerships is a hot topic in the industry, and the 1988 developments in that area won fifth place in the 1988 poll.

The debate is lively, and public ownership seems destined to grow, but there is no groundswell yet. Only one chain of dealerships is involved so far. Great Britain's Lex Services purchased 50 percent of the Campbell Group in California this year.

On the other hand, Steven Motor Co. of Wichita, Kan., failed in its bid to sell stock to the public.

The public ownership concept received a boost last spring when GM dropped its opposition to the idea. Ford approved the Lex-Campbell hookup (Campbell holds a Ford franchise), but a Ford Division official denied that the approval marked a change in Ford policy.

He said Lex-Campbell was not direct public ownership because a holding company owns the dealership — 50 percent Lex and 50 percent Campbell.



Taking third place in Story of the Year balloting was the auto collapse that didn't happen. After the stock market crash of October 1987, the auto industry was worried about sales in '88. The fears proved groundless, however, because 1988-model-year car sales remained steady, and trucks chalked up another record (see table above). The year 1988 also saw many large dealerships go belly-up, and that story took second place in Story of the Year voting. Impeached Arizona Gov. Evan Mecham was forced to sell his dealership in Glendale, Ariz. (left). Mecham's sales slumped after he was accused of financial irregularities involving campaign funds.

Past Stories of the Year

A synopsis of winners since the annual feature's inception

Following is a list of winners of the Story of the Year designation since *Automotive News* inaugurated this annual feature in 1953:

1953 — Fire destroys General Motors Hydra-matic plant in Livonia, Mich.

1954 — Reduction of "phantom-freight" charges.

1955 (tie) — The Senate hearings on auto trade practices. Attainment of supplemental unemployment compensation by the UAW.

1956 — GM's five-year dealer franchise.

1957 — The rise in imported-car sales.

1958 — Enactment of the price-sticker law.

1959 — Compact cars introduced by Ford, GM and Chrysler.

1960 — Chrysler Corp.'s conflict-of-interest problems.

1961 — Antitrust actions filed against the Big Three. GM accused in discount-house rhubarb; Ford's acquisition of Electric Autolite properties questioned; Chrysler charged with pressuring dealers not to dual with Studebaker.

1962 — Future of the franchise system: Los Angeles antitrust suit against GM viewed as threat to franchise.

1963 — GM wins criminal antitrust suit growing out of Los Angeles discount-house situation.

1964 — Record truck sales and the first 8-million-car year.

1965 — "The Year of Records": All-time highs in sales and production of domestic cars and trucks.

1966 — Safety: Congress holds hearings; bills are passed; Dr. William Haddon appointed safety czar; proposed standards for 1968 models announced.

1967 — Labor: 61-day strike costs Ford a half-million cars; Big Three workers get raise of about $1 an hour in wages and fringes over three-year period.

1968 — Semon E. Knudsen is named president of Ford Motor a week after he quits as executive vice president of GM.

1969 — Semon E. Knudsen fired as president of Ford Motor after holding the job for 19 months.

1970 — UAW strike shuts GM for 67 days in United States, 95 days in Canada. Costs GM more than 1.5 million cars and trucks (production), more than $4.5 billion in sales.

1971 — President Nixon's economic program and its effect on the auto industry. Price-wage freeze; import duty hiked temporarily; currency revaluation; repeal of excise tax. Program touches off auto sales boom.

1972 — Wankel engine advances. GM to offer Wankel-powered Vega in 1975 model year. Other makers watch and wait. Mazda, only Wankel-powered car in United States, has big year.

1973 — The energy crisis: Becomes a major problem late in year. Arabs halt oil imports to United States. Gas rationing feared, or maybe federal tax of 40-50 cents a gallon. Uncertainty of situation hurts auto industry and entire U.S. economy.

1974 — Year-long sales slump: New-car sales (U.S. and import) fall to 8.9 million in 1974. The 1975 model year is off to a dismal start with high prices a big factor.

1975 — U.S. makers pay cash rebates of $200 to $500 to customers to move huge inventories, mostly small cars. Chrysler starts the program.

1976 — Sales rebound after two poor years, top 10 million for 1976. Major turnaround in marketplace — intermediates and big cars are hot; small cars, especially subcompacts, are hard to sell.

1977 — Air bags ordered on new cars, to be phased in starting with 1982 models. Industry, others fail in bid to have Congress override Department of Transportation decision.

1978 — The fall and rise of Lee Iacocca. Fired by Henry Ford II as president of Ford Motor in mid-July, he becomes president of Chrysler in November.

1979 — Chrysler's financial agony; federal loan guarantees sought; future of company in doubt.

1980 — GM, Ford, Chrysler and AMC suffer combined loss of $4.2 billion for the year. Even GM is in the red.

1981 — Another recession/depression year for the domestic auto industry.

1982 — The DeLorean Saga: John DeLorean arrested on drug-trafficking charges. His sports-car company folds.

1983 — A year of recovery for the domestic auto industry. Sales and production rise after three bad years.

1984 — Record profits for each of the Big Three and a record profit of $9.6 billion for the four domestic auto manufacturers.

1985 — Big Three on a buying binge. GM, Ford and Chrysler make major non-automotive acquisitions. Biggest is GM's $5-billion purchase of Hughes Aircraft.

1986 — A time of turmoil at GM: Market share dips; plants to close; Saturn scaled back; plastic-body Camaro-Firebird plans dropped; bus operations for sale; Volvo to run heavy-truck venture; company has third-quarter operating loss of $338 million.

1987 — Chrysler buys American Motors.

1988 — The sleeping giant stirs: GM's profits rise; car-market share stabilizes; new models not look-alikes; quality improves; overseas operations in high gear. ■

AROUND THE WORLD

Vauxhall to build new paint shop

By Daniel Ward
STAFF CORRESPONDENT

LONDON — General Motors has finally given the go ahead for Vauxhall, its United Kingdom subsidiary, to invest £56.3 million ($102 million) in a new paint facility for Vauxhall Astra models badged as Opel Kadetts in Europe.

For more than a year, it has been clear that a new paint shop was needed at the Ellesmere Port plant, near Liverpool, in order to modernize it in line with the new £90 million ($163 million) facility at its Luton sister plant and Opel's factories in Europe.

However, for months Vauxhall's top management has delayed the Ellesmere Port investment.

Speaking in Detroit earlier this year, GM President Robert Stempel warned that "some consistent earnings and quality" would be needed in the United Kingdom before GM makes a decision on future investment policy.

Stempel said in 1987 that Ellesmere Port had achieved its best-ever quality and productivity with quality close to German levels.

Further improvement at the factory — which previously had a poor reputation because of a militant labor force — and improving profitability at Vauxhall is understood to have won the investment. Vauxhall has forecast that this year's profits will triple to at least £100 million ($181 million).

The United Kingdom government will provide £8 million ($14.5 million) in regional aid for the project, which is expected to be completed by August 1990.

The new facility will enable the plant to apply new paint finishes, such as pearlescent, as well as improve overall quality. The new paint shop will be phased in without disrupting production because it will be located in a former components plant adjacent to the existing plant.

This year, the plant will build 120,000 Astras and Astra-based light-duty vans, which are sold under the Bedford badge.

Ten years of financial losses and the difficulty of shaking off a poor image for productivity and quality have meant that Vauxhall received only a modest share of GM's huge European investment program.

Of an annual total of £552 million pounds ($1 billion) during much of the 1980s for European operations, GM invested £122 million ($220 million) at the Luton assembly plant during the last three years. The investment included retooling for the new Cavalier/Vectra model. Another £85 million ($154 million) has been spent at Ellesmere Port.

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EUROPEAN SALES

Manufacturer	11 months 1988	1988 share*	11 months 1987	Volume Change '88 vs '87
Fiat Group**	1,779,200	14.8	1,655,800	+ 7.5
VW-Audi-Seat	1,785,000	14.7	1,716,800	+ 2.8
PSA***	1,341,300	12.8	1,384,300	+11.3
Ford	1,375,400	11.4	1,384,400	– 0.6
General Motors****	1,275,600	10.6	1,235,100	+ 3.3
Renault	1,209,400	10.1	1,211,400	– 0.2
Austin Rover	423,800	3.5	395,300	+ 7.2
Mercedes-Benz	414,800	3.4	407,000	+ 1.8
Nissan	356,800	3.0	340,400	+ 4.8
BMW	332,600	2.8	271,800	+22.4
Toyota	329,200	2.7	324,300	+ 1.5
Volvo	245,900	2.0	246,500	– 0.2
Mazda	229,900	1.9	214,500	+ 7.2
Mitsubishi	147,300	1.2	141,700	+ 4.0
Honda	132,100	1.1	120,200	+ 9.9
Others	475,100	3.9	481,300	– 1.2
Total	12,032,900	100.0	11,530,100	+ 4.4

* Does not add to 100 because of rounding
** Includes Alfa Romeo
*** Peugeot, Citroen, Talbot
**** Opel, Vauxhall, Isuzu, GM-U.S./Canada

SALES

FROM PAGE 2

VW group sales, including VW, Audi and Seat, came to 1,765,000 through November, 2.8 percent ahead of last year. That was due to a 4.1 percent gain by Audi to 337,700 and an 11.5 percent increase by Seat to 263,200.

VW group sales were off 6.3 percent to 745,800 in the West German market where it leads with just under 29 percent of sales.

Ford, hurt by a 12-day strike in the United Kingdom last February, was off 0.6 percent for the year at 1,375,400 units. Through November, it held an 11.4 percent market share in Europe, down from 12 percent last year.

General Motors ranked fifth with 10.6 percent penetration on sales of 1,275,600, an increase of 3.3 percent. Renault was sixth with a 10.1 percent share. Its sales slipped 0.2 percent to 1,209,400 in the first 11 months.

Through November, BMW was the best performer among Europe's specialist brands. Sales increased 22.4 percent due to strong demand for the new 5 series. BMW's market share after 11 months was 2.8 percent, up from 2.4 percent a year earlier.

Combined Japanese volume kept pace with overall growth of the new-car market in Europe, keeping talks of further restrictions in check. Japanese sales improved 4.2 percent to 1,359,300 and combined market share remained at 11.3 percent, the same level as 1987.

Among national markets, West German sales declined 3.9 percent in November and were off 3.1 percent for the year compared with a record 1987. But Germany remained Europe's largest new-car market, with volume totaling 2,586,900 units through the first 11 months.

The United Kingdom's sales expanded 10.5 percent year-to-date to 2,123,900, breaking the 2 million mark for the second straight year. November sales were up 5.8 percent.

Italian sales rose 9 percent during the month. The overall market was up 8.5 percent to 2,021,700. French sales climbed 6.7 percent in November and were up 3.4 percent year-to-date to 1,961,600.

The Spanish market rose 11.7 percent in November, keeping the country's nearly three-year-old car sales boom alive. Eleven-month sales were 15.4 percent above last year at 969,000 units — on the verge of going over 1 million cars for the first time.

NEW-CAR SALES BY COUNTRY IN EUROPE

Country	Jan.-Nov. 1988	Change on 1987
West Germany	2,586,900	– 3.1
United Kingdom	2,123,900	+10.5
Italy	2,021,700	+ 8.5
France	1,961,600	+ 3.4
Spain	969,600	+15.4
Netherlands	466,000	–13.5
Belgium-Luxembourg	439,900	+ 4.6
Sweden	311,900	+ 2.9
Switzerland	300,900	+ 6.8
Austria	241,500	+ 3.5
Portugal	186,700	+57.3
Finland	163,700	+14.6
Denmark	83,900	–27.7
Norway	83,800	–40.6
Ireland	69,400	+12.0
Greece	51,900	+ 9.7
Total	12,032,900	+ 4.4

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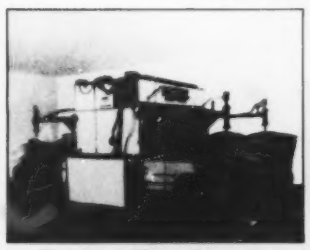

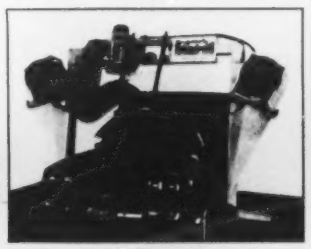

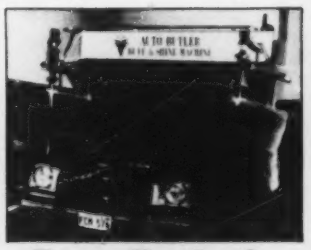

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Kordick: Doing unto others . . .

Ford VP retires, heads to hospice

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

DEARBORN, Mich. — Nearly four years ago Joe Kordick took over as head of Ford's parts and service unit with a style and agenda that inspired a cultural revolution within what was once the Rodney Dangerfield of Ford divisions.

Two weeks ago, the 57-year-old Kordick left Ford Motor Co. to take care of dying cancer and AIDS patients, lending his own definition to the idea of Florida retirement.

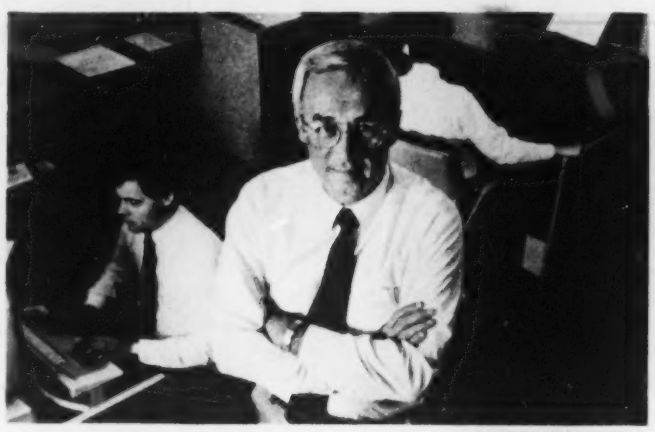
Much of Kordick lore tends to focus on his personality. But in an interview earlier this month, he judged his record as general manager. The report card, in essence, says parts and service has made some impressive strides — and has a long way to go.

Kordick actually stayed at Ford longer than he'd expected. When they heard of his plans to do hospice work, Chairman Donald Petersen and Vice Chairman Harold Poling managed to talk him into staying another year. Kordick agreed — as long as they didn't press the issue again. They didn't.

They respected his wishes in another way. Kordick said his greatest achievement at Ford was convincing management that parts and service's No. 2 man, Lee Miskowski, should succeed him. Typically in the past, the job would have gone to someone outside the division. Miskowski was not named a vice president, however. Kordick has held that title since mid-1987 and believes it is important that his successor get it, too.

"If he were not made a vice president at some point in the near term, it would send a message to the dealers that we are not as important as the vehicle divisions, which is not the message I think the company wants to send."

Kordick describes Miskowski as a clone in terms of management style, and someone who will be able to pick up where Kordick left off. He estimates that when he took over, about half of Ford's 5,600 dealerships had an attitude that put their customers first. Kordick wasn't surprised: "For 40 years we treated dealers like dogs." Today, he pegs the number of well-intentioned dealers at 95 percent.



Joe Kordick, Ford's unconventional vice president

AUTOMOTIVE NEWS/JOE WILSSENS

The other part of the equation — having the ability to carry out those intentions — will be left to Miskowski. It could well be the more challenging task, requiring an attention to detail that Kordick admits he doesn't have. Among the goals is eliminating repeat repairs, handling repairs more quickly and always having replacement parts available.

One might be tempted to dismiss Kordick's talk of progress as hyperbole if he weren't so frank about Ford's trouble spots.

How many executives, after all, say publicly that the salaries of auto executives are unconscionably high? How many tell a reporter that the chairman of Ford has been pressing his managers too heavily lately when he should be praising them?

"That isn't the way this company has grown great," Kordick said. "He has not leaned on us (in the past); he has led us. I'm excited by what he has done, but I'm very nervous that we not go into the mode of becoming defensive."

Kordick still believes Ford is on track to providing the industry's best service — and best vehicles — by 1992. Yet he leaves with a list of unfulfilled ambitions.

He wishes he'd done a better job of convincing people to be patient. Meaningful change takes time, he said, and there's still too much of a temptation to resort to quick fixes.

He also said he wanted to build a stronger relationship between parts and service and the sales divisions — even though he sees some encouraging trends. Someday, he hopes to see leaders of the sales division have a parts and service job on their resumes. "This is where taking care of customers happens, and it's just critical that they get exposed to this process," he said.

While Miskowski will be free to follow his own agenda, some of Kordick's customs may be imbedded as tradition by now.

Kordick made personal calls to his employees when they celebrated significant anniversaries with the company. Over the years, more than 220 people have taken him up on his invitation to bring their personal problems to him: "I've had people commit their lives to Jesus Christ here. Funny things have happened."

Twice a week he meets with a dozen employees over coffee. Since he took the post in February 1985, more than 2,200 people have sat with him.

Kordick looks on his new calling as a job transfer. For 34 years he has worked for Jesus Christ at Ford, he explained. Now he will work for Christ at the Hospice of Martin County. He has promised he will give 80 hours a week to the program, just as he has to Ford. He won't be paid for his service.

His training starts Jan. 3. He's aware that hospice workers can burn out when they are constant companions to people who are facing death. He said that if he decides to leave, "I hope that I can develop a competence in the process that I could either write a reasonably compelling book or maybe go around to other men and try to convince them that they're needed in hospice — that it's all right for men to be compassionate."

In the meantime, television will record his career change. NBC cameras followed him during one of his last days at Ford. They'll catch up with him in Florida and film him again for a segment scheduled to be broadcast on the "Today" show next year.

Shop volume climbs for month and year

By Wes Raynal
AUTOMOTIVE NEWS STAFF REPORTER

Service and parts volume at new-car dealerships increased in September over the year-ago month and also was up for the first nine months of 1988.

In September, shop volume rose 2.5 percent over last year's, according to the Automotive News Service Index. Year-to-date shop volume was up 5.5 percent over 1987.

Though the number of repair orders written was down for both September and year-to-date (6.1 and 0.3 percent, respectively), gross profit on all labor and parts sales was up 6.8 percent for September 1987 and 7.7 percent for the first nine months of this year.

Several dealers attributed the volume increase to service specials run during the month.

"When things started to cool off, we needed to do something to keep volume up," a Midwest service manager said.

Meanwhile, a service manager in the Northwest said service volume was up throughout his area.

Labor sales (customer paid and warranty) were up 3.8 percent in September over a year ago and were up 6.0 percent over the 1987 year-to-date period.

Parts sales on repair orders were up 4.6 percent in September over September 1987, and were up 6.7 percent for nine months.

Total parts sales — including over the counter — were up 3.7 percent in September and 7.6 percent for the year to date.

SERVICE INDEX
102.5*

	Sept., '88 vs. Sept., '87	9 mos., '88 vs. 9 mos., '87
Gross Profit on All Labor and P&A Sales	+6.8%	+7.7%
Repair Orders Written	−6.1%	−0.3%
Total Labor Sales (Customer & Warranty)	+3.8%	+6.0%
Shop Parts Sales (Customer & Warranty)	+4.6%	+6.7%
Sales of All P&A	+3.7%	+7.6%

* Survey by Automotive News shows that dealers' service and parts business in September 1988 was 102.5 percent of business in September 1987. Service business in the first 9 months of 1988 was 105.5 percent of business in the corresponding period in 1987.

Mitsubishi expands regional net; adds offices in Florida, Texas

By John Wisely
SPECIAL CORRESPONDENT

Mitsubishi Motor Sales of America has expanded its national network with the opening of regional offices in Dallas and Metrowest, Fla., an Orlando suburb.

The Dallas facility handles training, sales and distribution for the Southwest region of the United States, while the Metrowest location provides the same functions for the Southeast.

The two offices are Mitsubishi's third and fourth regional facilities. Mitsubishi also operates offices in Bridgeport, N.J., for the Northeast, and in Cypress, Calif., for the Western United States.

A fifth regional facility is planned for the Chicago area. Mitsubishi will lease office space there beginning Feb. 1. Construction of a permanent facility will begin in 1990.

Mitsubishi is also planning a 126,000-square-foot parts distribution center in Atlanta. The company already operates parts facilities at Bridgeport and Cypress. The Atlanta site is expected to be completed in April.

The recently competed Cypress facility also is home to a research laboratory, an engineering center, a design studio and the U.S. subsidiary's headquarters.

The complex, which covers 140,000 square feet, cost $20 million, and will eventually employ 475 people. Part of the complex has been leased to Gray Advertising, Mitsubishi's ad agency.

The expanded regional office network will enable Mitsubishi to gear up for the higher volumes expected as it begins to sell the Eclipse, produced at Mitsubishi's Diamond-Star joint venture with Chrysler. Eclipse, which goes on sale in January, will be handled by all Mitsubishi dealers.

Olds sets up toll-free number to take consumer queries

Oldsmobile will launch its customer-assistance center next March, providing a toll-free telephone number to answer questions about the division.

Oldsmobile said callers will be able to ask product questions, and the center's employees will be trained to handle questions about serviceability, or simply requests for information.

The program will begin in Eastern U.S. regions and spread westward until it is national. Olds officials hope to have the program operating throughout the United States within 15 months after start up.

The center is being developed by GM's Electronic Data Systems, which will staff the operation with 100 employees. Olds personnel will manage the center, which will be open rom 8 a.m. to 5 p.m. (Eastern Standard Time) Monday through Friday.

SHOP TALK

WES RAYNAL

Kenneth E. McCourt, general director of technical service on GM's customer sales and service staff, will be the center's general director.

Chevrolet, Pontiac, Buick and Cadillac offer similar programs.

Transmission franchises

Automotive Franchise Corp. of Nashville, Tenn., has begun a pilot program that gives current operators of Mr. Transmission shops an opportunity to open additional centers.

The partnership-expansion program consists of joint ownership as a full partner in additional outlets with Automotive Franchise, allowing current franchise holders to expand without a "heavy financial investment."

The owner/operator receives financial assistance from the corporation as well as help with site location, construction of the facility and personnel selection, the company said.

An operator has five to seven years to buy out the corporation's interest.

Last October, Automotive Franchise Corp. began marketing its Mr. Transmission shops to car dealerships. The concept enables three or four dealers to purchase or start a Mr. Transmission shop, allowing them to do their heavy repair and transmission work in the facility.

Get TOWED

Century, a manufacturer and operator of tow trucks and recovery equipment in Ooltewah, Tenn., is the corporate sponsor of TOWED (Towing Operators Working to Eliminate Drunk Driving).

TOWED, which offers holiday-season transportation to over-imbibers, started in 1986 with 16 towing operators. For the 1988 holiday season, Century has commitments from more than 1,000 operators nationwide. The company predicts the operators will take at least 40,000 people home safely, giving them free tows and rides home if they don't think they can drive.

Paul Gallagher, Century president, said, "We just want to offer people a positive way to avoid hurting themselves and others."

AUCTION DATES

Chrysler Motors

Jan. 3 — Hatfield Auto Auction, Hatfield, Pa.; American Auto Auction, Walpole, Mass.; Greensboro Auto Auction, Greensboro, N.C.; Nashville Auto Auction, Nashville, Tenn.; Portland Auto Auction, Portland, Ore.; and Riverside Auto Auction, Riverside, Calif.

Jan. 4 — A.D.E. of Birmingham, Moody, Ala., and Butler Auto Auction, Gibsonia, Pa.

Jan. 5 — Florida Auto Auction of Orlando, Ocoee, Fla.; Northway Exchange, Clifton Park, N.Y.; Aptco Auto Auction, Taylor, Mich.; Indianapolis Auto Auction, Indianapolis; Ark-La-Tex, Shreveport, La.; Omaha Auto Auction, Omaha, Neb.; Southwest Auto Auction, Phoenix, Ariz.; and Amarillo Auto Auction, Amarillo, Texas

Jan. 6 — Manheim Auto Auction, Manheim, Pa.

Jan. 10 — Dallas Auto Auction, Grand Prairie, Texas; Hatfield Auto Auction, Hatfield, Pa.; Southern Auto Auction, Warehouse Point, Conn.; Clanton's Auto Auction, Darlington, S.C.; Denver Auto Auction, Aurora, Colo.; South Seattle Auto Auction, Kent, Wash.; and Golden Gate Auto Auction, Fremont, Calif.

Jan. 11 — Minneapolis Auto Auction, Plymouth, Minn., and Columbus Fair Auto Auction, Obetz, Ohio

Ford Motor Co.

Jan. 4 — Atlanta Auto Auction, Red Oak, Ga., and Indianapolis Auto Auction, Indianapolis

Jan. 5 — Greater Chicago Auto Auction, Chicago; Denver Auto Auction, Aurora, Colo.; Texas Hobby Auto Auction, Houston; Interstate Auto Auction, Mercer, Pa.; Nashville Auto Auction, Nashville, Tenn.; Southwest Auto Auction, Chandler, Ariz.; Skyline Auto Exchange, Fairfield, N.J.; and 166 Auto Auction, Springfield, Mo.

Jan. 10 — South Seattle Auto Auction, Kent, Wash.

Jan. 11 — Clanton's Auto Auction, Darlington, S.C.; Mississippi Auto Auction, Hattiesburg, Miss.; Lakeland Auto Auction, Lakeland, Fla.; Southern California Auto Auction, Fontana, Calif.; Newburgh Auto Auction Inc., Newburgh, N.Y.; Omaha Auto Auction Inc., Omaha, Neb.; and Salt Lake Auto Auction, Salt Lake City

General Motors

Jan. 3 — Southern Auto Auction, East Windsor, Conn.; Dallas Auto Auction, Grand Prairie, Texas; South Seattle Auto Auction, Kent, Wash.; and Manheim Auto Auction, Manheim, Pa.

Jan. 4 — Atlanta Auto Auction, Atlanta; Clanton's Auto Auction, Darlington, S.C.; Southern California Auto Auction, Fontana, Calif.; Mississippi Auto Auction, Hattiesburg, Miss.; and Omaha Auto Auction, Omaha, Neb.

Jan. 5 — Mid Ark Auto Auction, North Little Rock, Ark.; Arena Auto Auction, Chicago; Ohio Auto Auction, Grove City, Ohio; and St. Louis Auto Auction, Bridgeton, Mo.

Jan. 10 — A.D.E. of Birmingham, Moody, Ala.; Harrisonburg Auto Auction, Harrisonburg, Va.; National Auto Dealers Exchange, Bordentown, N.J.; and Florida Auto Auction of Orlando, Ocoee, Fla.

Jan. 11 — Indianapolis Auto Auction, Indianapolis; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Minneapolis Northstar Auto Auction, Shakopee, Minn.; and Golden Gate Auto Auction, Fremont, Calif.

Used Car Sales
Auction Averages

December 88	$5,824
Month ago	$5,486
Year ago	$5,898

Model Breakdown
Auction Averages

	DEC. 1988	NOV. 1988	OCT. 1988
1988 ...	$9,894	$9,514	$9,863
1987 ...	$7,686	$7,330	$7,759
1986 ...	$4,874	$5,997	$6,495
1985 ...	$4,747	$5,077	$5,698
1984 ...	$3,723	$3,721	$4,206
1983 ...	$2,775	$2,948	$3,258
1982 ...	$2,343	$2,228	$2,633
1981 ...	$1,637	$1,706	$1,882
Overall Average	$5,824	$5,204	$5,748

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Todd Auto Auction, Old Route 309, P.O. Box 380, Telford, Pa. 18969. 215-721-1300 or 800-234-TODD. Next Sale — Jan. 5th.

PENNSYLVANIA

Carriage Trade, Norristown, Pa. Every Mon. & Thurs., 6 PM (400 units), except 1st & 3rd Thurs. when GMAC auction (off lease/repos) at 11 AM. All dealers. Call: 215-CAR-SALE.

PENNSYLVANIA

Commonwealth Auto Auction 215-328-7100. Mondays & Wednesdays-7 PM/Saturdays-11 AM. Morton, PA-Rte 420 S. of Baltimore Ave. Open to public-Cars/Trucks/Vans.

SOUTH CAROLINA

Rawls Auto Auction — Since 1938. Pickup, delivery unlimited. Recon facilities. Sale every Tues., 11 A.M. 803-657-5111 or 657-7244, Leesville, South Carolina.

SOUTH CAROLINA

Clanton's Auto Auction, P.O. Box 51, Darlington, South Carolina, 803-393-2861. Sale every Thurs., Regular Consignment, 11 a.m. & Early Bird, 9 a.m. (repos & lease units).

TENNESSEE

Memphis Auto Auction, 2650 Mt. Moriah Rd, Memphis, Tenn. 38115. 901-794-7700. Sale every Tuesday at 11 AM. Mid-South's newest auto auction.

TEXAS

Fort Worth Auto Auction (div. of GECAA), 2245 Jacksboro Hwy., Ft. Worth, TX 76114. Sale every Thursday. Contact: George Horton, 817-626-5494.

TEXAS

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TEXAS

San Antonio Auto Auction (div. of GECAA), 1500 Ackerman Rd., San Antonio, Texas 78219. Sale every Weds. Contact: Frank Post or Michael Milikien, 512-661-4200.

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PENNSYLVANIA

PRODUCTION

Car output moves past 1987 total

U.S. car production inched past the 1987 year-to-date total last week for the first time this year.

Not only did car output pass last year's total, but automakers built their seven-millionth car of the year last Tuesday, two days ahead of 1987.

According to Automotive News estimates, 1988 calendar-year car output of 7,102,157 cars is 1.13 percent more than the 1987 running total of 7,022,521.

Last week, automakers wound up 1988 production with scheduled assembly of 164,039 units, 2.66 percent below the prior week's 168,519 but more than double the year-ago week's 75,333, which was a three-day work week due to the holiday.

Last week's targeted output was split this way: General Motors, 48.53 percent; Ford Motor Co., 25.74 percent; Chrysler Motors, 15.79 percent; Honda of America Manufacturing, 4.54 percent; Mazda Motor Manufacturing (U.S.A.) Corp., 2.94 percent; New United Motor Manufacturing Inc., 1.23 percent; and Nissan Motor Manufacturing Co. U.S.A., 1.23 percent.

After breaking several monthly production records during the year, truckmakers ended 1988 with their highest year's output ever, surpassing the previous record set in 1987.

Automotive News estimates 1988 calendar-year truck production at 4,127,849 units, 8.40 percent more than the 1987 running total of 3,807,934.

Scheduled truck production of 83,634 last week dipped 10.51 percent from the previous week's 93,457 but rose 70.65 percent above the year-ago week's 49,008.

Chrysler's Kenosha, Wis., plant closed permanently last week. Dodge Omni and Plymouth Horizon output will be moved to the Jefferson Avenue plant in Detroit in January, and the Dodge Diplomat, Plymouth Gran Fury and Chrysler Fifth Avenue models have been discontinued.

All car and truck assembly plants closed last Friday for the holidays. They will reopen Jan. 3.

Canada trucks set output mark

Canadian truckmakers set a calendar-year record this year with an estimated build of 933,992 units. This year's total surpassed the previous record of 845,528 set in 1985 and was 14.27 percent above the 1987 running total of 817,320.

Truck production last week was targeted at 19,386 units, 8.46 percent below the previous week's 21,177 but 78.20 percent above the year-ago holiday week's 10,879.

Auto output for the 1988 calendar year is estimated at 1,027,528 units, 28.03 percent more than the 1987 running total of 802,581.

Last week's car output was scheduled at 17,181, 6.52 percent below the prior week's 18,380 but 30.93 percent more than the year-ago week's 13,122.

Assembly plants shut down last Friday until Jan. 3 for the holidays.

U.S. CAR	Week Ended Dec. 24, 1988	Week Ended Dec. 26, 1987	Week Ended Dec. 17, 1988	Dec. to Date	Jan. 1 to Dec. 24, 1988	Jan. 1 to Dec. 26, 1987
Alliance	0	0	0	0	0	15,994
Total Eagle	0	0	0	0	0	15,994
Horizon	1,500	907	1,586	5,546	79,545	45,363
Sundance	2,400	925	2,303	8,863	105,282	89,157
Reliant	2,400	2,419	2,442	8,459	93,220	135,036
Acclaim	1,000	0	1,011	3,371	7,243	0
Caravelle	0	643	0	0	9,265	42,861
Gran Fury	100	76	215	693	20,032	7,105
Total Plymouth	7,400	4,970	7,537	28,931	314,587	319,522
LeBaron K	0	612	0	0	7,912	63,753
LeBaron J	2,900	1,737	2,963	10,772	91,064	113,596
LeBaron GTS	200	493	217	839	9,532	37,118
N. Yorker E-Class	0	0	0	0	0	57,102
N. Yorker C-Class	2,300	678	2,332	8,947	108,589	18,742
Fifth Avenue	500	755	1,032	2,896	33,238	64,273
Total Chrysler	5,900	4,275	7,044	23,455	248,335	354,584
Omni	1,500	845	1,654	5,486	78,191	39,785
Daytona	1,900	1,086	1,917	7,118	79,540	63,214
Shadow	2,400	1,347	2,540	8,922	103,205	95,543
Aries	2,200	1,761	2,258	7,775	92,504	126,067
Dodge 600	0	331	0	0	8,549	39,636
Dynasty	2,900	844	3,503	11,163	114,297	8,419
Lancer	200	129	215	742	9,361	22,865
Spirit	1,300	0	1,233	4,332	8,186	0
Diplomat	200	230	313	1,051	18,946	14,945
Total Dodge	12,600	6,573	13,633	46,591	512,779	410,474
CHRYSLER MOTORS	25,900	15,818	28,214	96,977	1,075,701	1,100,574
Escort	9,650	5,584	9,204	32,176	414,595	390,919
Mustang	4,477	2,783	4,528	15,250	200,307	212,272
Tempo	3,878	2,467	3,934	13,245	183,063	144,427
Taurus	8,823	4,908	8,790	30,034	395,268	403,859
Thunderbird	3,109	1,736	3,220	10,484	111,908	155,798
Total Ford Div.	29,937	17,478	29,676	101,191	1,305,141	1,307,275
Lynx	0	0	0	0	0	21,352
Topaz	1,551	833	1,580	5,407	70,628	46,582
Cougar	3,133	1,726	2,997	8,911	88,125	137,356
Sable	2,993	1,427	3,061	10,360	135,421	121,358
Total Mercury	7,677	3,986	7,647	24,678	294,174	326,883
Continental	1,535	373	1,606	5,635	55,305	13,474
Mark VII	765	339	902	2,814	28,719	28,248
Lincoln	2,306	1,780	2,710	8,456	123,083	140,567
Total Lincoln	4,606	2,492	5,418	16,905	207,107	182,289
Total L-M Division	12,283	6,478	13,065	41,583	501,281	509,172
FORD MOTOR CO.	42,220	23,956	42,741	142,774	1,806,422	1,816,447
Skyhawk	965	661	1,168	3,790	29,410	34,052
Skylark/Somerset	1,588	0	1,646	5,580	55,104	62,909
Century	3,355	0	3,347	11,528	142,339	152,152
Regal (rwd)	0	0	0	0	0	40,235
Riviera	637	137	741	2,252	13,437	13,242
Electra	2,496	1,068	2,466	8,446	91,570	93,678
LeSabre (fwd)	2,901	1,418	3,050	10,001	134,620	141,073
LeSabre (rwd)	180	127	179	620	9,810	9,911
Reatta	276	0	272	916	9,793	0
Total Buick	12,398	3,431	12,869	43,133	486,083	547,252
Cimmaron	0	0	0	0	3,693	10,233
Eldorado	751	428	903	2,677	35,361	21,130
Seville	569	325	697	2,027	23,496	20,243
Brougham (rwd)	1,220	0	1,073	3,733	36,570	75,141
Deville (fwd)	4,520	2,034	4,565	15,384	164,328	141,129
Allante	75	80	75	255	2,239	4,610
Total Cadillac	7,135	2,867	7,313	24,577	265,687	272,486
Cavalier	6,214	4,786	7,453	23,971	353,436	310,678
Camaro	2,475	1,475	2,392	8,434	99,769	120,532
Celebrity	4,375	0	4,329	14,835	189,612	283,320
Corsica/Beretta	9,390	2,771	9,240	31,810	434,200	345,405
Monte Carlo	0	0	0	0	0	72,041
Caprice	3,855	3,389	3,497	12,396	203,678	196,935
Corvette	450	391	450	1,547	22,783	28,182
Total Chevrolet	26,759	12,812	27,361	92,992	1,303,478	1,359,093
Calais	3,212	0	3,157	10,819	119,465	113,679
Firenza	0	292	0	0	5,230	14,181
Cutlass Ciera	1,690	0	1,658	5,683	38,456	108,395
Cutlass Supreme	3,635	0	3,626	10,824	141,032	73,126
Toronado	319	233	375	1,135	15,289	16,209
88 (fwd)	3,359	2,060	3,104	11,141	156,597	176,936
88 (rwd)	210	288	262	776	11,037	15,000
Olds 98	2,246	1,074	2,268	7,229	75,899	72,038
Total Oldsmobile	14,671	3,947	14,450	47,606	563,005	593,162
Sunbird	2,761	1,236	3,245	10,454	112,864	88,217
Grand Am	4,800	2,840	5,120	18,382	242,653	245,955
Firebird	1,590	916	1,554	5,411	66,542	77,032
Grand Prix	4,040	0	3,374	7,414	139,957	0
Pontiac 6000	2,375	0	2,373	8,190	94,706	67,496
Bonneville	2,971	1,176	2,719	9,862	122,061	123,824
Safari/Parisienne	105	80	114	363	7,336	9,106
Fiero	0	695	0	0	13,297	33,434
Total Pontiac	18,642	6,943	18,499	60,076	799,416	645,064
GENERAL MOTORS	79,605	30,000	80,492	268,385	3,417,669	3,417,057
HONDA	7,450	3,246	7,576	25,512	365,832	321,862
Civic	2,400	777	2,455	8,355	110,050	88,695
Accord	5,050	2,469	5,121	17,157	255,782	233,167
MAZDA†	4,817	264	4,846	17,433	163,714	4,326
NISSAN	2,022	825	2,270	7,377	109,975	113,272
NUMMI	2,025	0	2,380	7,174	126,847	182,790
Corolla	1,825	0	2,014	6,242	55,042	42,065
Geo Prizm/Nova	200	0	366	933	71,802	140,725
VOLKSWAGEN	0	1,224	0	0	35,997	66,193
Golf/GTI	0	804	0	0	30,444	48,780
Jetta	0	420	0	0	5,563	17,413
Total Cars, U.S.	164,039	75,333	168,519	565,633	7,102,157	7,022,521
Total Cars, Canada	17,181	13,122	18,380	60,766	1,027,528	802,581
U.S., Canada Cars	181,220	88,455	186,899	626,399	8,129,685	7,825,102
U.S., Canada Cars and Trucks	284,240	146,342	301,533	1,009,625	13,191,526	12,450,356

Monthly estimates may contain error of one or two units due to rounding.
†—Total includes the MX-6 and Ford Probe.

CANADIAN CAR	Week Ended Dec. 24, 1988	Week Ended Dec. 26, 1987	Week Ended Dec. 17, 1988	Dec. to Date	Jan. 1 to Dec. 24, 1988	Jan. 1 to Dec. 26, 1987
Eagle	0	—	0	0	0	—
Premier	1,275	—	1,278	4,348	60,371	—
CHRYSLER MOTORS	1,275	782	1,278	4,348	60,371	12,579
Escort	0	—	0	0	0	—
Lynx	0	—	0	0	0	—
Tempo	3,268	—	3,314	11,287	170,364	—
Topaz	1,628	—	1,763	5,867	89,828	—
Crown Victoria	2,895	—	2,881	9,900	129,833	—
Grand Marquis	2,865	—	2,850	9,798	131,439	—
FORD MOTOR CO.	10,656	7,058	10,808	36,852	501,464	431,825
Celebrity	177	—	218	731	20,130	—
Cutlass Ciera	3,393	—	4,135	12,862	219,687	—
Cutlass Supreme	0	—	0	0	0	—
Grand Prix	0	—	0	0	0	—
Pontiac 6000	0	—	0	0	29,690	—
Regal	0	—	0	0	139,613	—
GENERAL MOTORS	3,570	5,046	4,353	13,593	409,120	294,303
Civic	1,500	—	1,761	5,371	48,184	—
Accord	0	—	0	0	1,828	—
HONDA	1,500	236	1,761	5,371	50,012	15,536
VOLVO	180	0	180	612	6,561	8,336
Total Cars, Canada	17,181	13,122	18,380	60,766	1,027,528	802,581

U.S. TRUCK☆	Week Ended Dec. 24, 1988	Week Ended Dec. 26, 1987	Week Ended Dec. 17, 1988	Dec. to Date	Jan. 1 to Dec. 24, 1988	Jan. 1 to Dec. 26, 1987
Caravan	2,100	—	2,283	8,158	93,625	—
Dakota	2,300	—	2,501	8,826	109,233	—
Mini-Ram Van	100	—	170	548	11,846	—
Pickups	2,300	—	2,501	8,817	87,699	—
Total Dodge	6,800	5,024	7,455	26,350	302,373	317,512
Cherokee	3,800	—	3,897	14,057	186,415	—
Commanche	700	—	732	2,695	43,549	—
Grand Wagoneer	300	—	350	1,140	14,209	—
Pickups	0	—	0	0	0	—
Wagoneer	200	—	201	734	10,777	—
Total Jeep	5,000	2,768	5,180	18,626	254,950	221,110
Voyager	1,800	—	1,867	6,800	86,187	—
Total Plymouth	1,800	—	1,867	6,800	86,552	—
CHRYSLER MOTORS	13,600	7,792	14,502	51,775	639,964	538,622
Aerostar	5,000	—	5,817	17,732	208,770	—
Bronco	1,709	—	2,110	6,406	59,427	—
Bronco II	2,937	—	3,353	10,429	122,636	—
Econoline	5,227	—	5,047	18,111	242,413	—
Heavy trucks	1,313	—	1,371	4,573	64,742	—
Light trucks	11,130	—	12,965	40,921	497,186	—
Ranger	7,157	—	8,003	26,054	325,763	—
Total Ford Div.	34,473	18,695	38,686	124,226	1,520,941	1,468,098
FORD MOTOR CO.	34,473	18,695	38,686	124,226	1,520,941	1,468,098
Astro	3,328	—	3,586	11,618	174,606	—
Blazer	517	—	607	1,972	26,297	—
Mediums/Heavies	0	—	0	984	19,570	—
P-Model	0	—	964	2,323	39,649	—
Pickups	11,860	—	9,065	35,232	375,047	—
S-10	1,604	—	6,165	17,084	298,737	—
S-10 Blazer	3,458	—	4,071	13,178	171,656	—
Sportsvan/Van	0	—	0	0	86,204	—
Suburban	1,520	—	1,717	5,657	70,626	—
Total Chevrolet	22,287	13,326	26,175	88,048	1,262,392	1,122,477
Jimmy	139	—	221	603	7,716	—
Mediums/Heavies	0	—	0	825	33,623	—
P-Model	0	—	43	152	4,890	—
Pickups	3,608	—	2,814	10,784	115,455	—
S-15	362	—	968	3,442	66,142	—
S-15 Jimmy	1,162	—	1,112	3,740	48,301	—
Safari	890	—	824	2,980	44,700	—
Suburban	473	—	768	2,092	31,070	—
Vandura/Rally Vans	0	—	0	0	30,617	—
Total GMC	6,634	4,478	6,750	24,617	384,514	370,012
GENERAL MOTORS	28,921	17,804	32,925	112,665	1,646,906	1,492,489
NAVISTAR	1,496	1,066	1,873	6,151	85,745	74,683
NISSAN	2,394	1,979	2,721	8,850	95,693	99,922
AM GENERAL*	450	270	450	1,530	22,660	17,370
MISCELLANEOUS*	2,300	1,380	2,300	7,820	115,920	116,540
Total Trucks, U.S.	83,634	49,006	93,457	313,018	4,127,849	3,807,934

CANADIAN TRUCK	Week Ended Dec. 24, 1988	Week Ended Dec. 26, 1987	Week Ended Dec. 17, 1988	Dec. to Date	Jan. 1 to Dec. 24, 1988	Jan. 1 to Dec. 26, 1987
Caravan	2,836	—	3,464	11,073	143,292	—
Mini-Ram Van	166	—	204	665	11,867	—
Ram Wagon	620	—	660	2,193	26,973	—
Ram Van	1,730	—	1,749	5,968	73,795	—
Total Dodge	5,352	4,232	6,077	19,899	255,927	383,762
Voyager	2,118	—	2,587	8,343	126,195	—
Total Plymouth	2,118	—	2,587	8,343	126,195	—
Wrangler	1,248	—	1,305	4,360	52,672	—
Total Jeep	1,248	519	1,305	4,360	52,672	36,136
CHRYSLER MOTORS	8,718	4,751	9,969	32,602	434,794	419,898
FORD MTR (lt. trks.)	3,648	2,294	3,358	12,049	163,012	151,467
Light trucks	3,563	—	4,140	13,216	158,550	—
Vans	1,493	—	1,530	5,277	61,708	—
Total Chevrolet	5,056	—	5,670	18,493	220,258	—
Light trucks	1,237	—	1,368	4,563	75,253	—
Vans	457	—	538	1,685	29,365	—
Total GMC	1,694	—	1,906	6,248	104,638	—
GENERAL MOTORS	6,750	3,702	7,576	24,741	324,896	236,120
NAVISTAR	270	132	274	816	11,290	9,835
Total Trks., Canada	19,386	10,879	21,177	70,208	933,992	817,320
U.S., Canada Trks.	103,020	59,887	114,634	383,226	5,061,841	4,625,254

☆—Includes window van production. *—Estimated.
Jeep includes commercial only. AM General includes government-destined vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Monthly estimates may contain error of one or two units due to rounding.

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Automotive News

January 2, 1989

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GM ponders Japan move in luxury lair

Lexus and Infiniti pose new threats

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — With this week's public debut of Toyota's Lexus and Nissan's Infiniti models, General Motors faces a serious strategic dilemma for the 1990s: How to block the Japanese offensive into GM's high-profit luxury and bread-and-butter mid-sized lines.

The onslaught of the upscale Japanese models — Honda's entrenched Acura and the two newcomers — has triggered serious internal debate among GM executives about how much of a threat the Japanese pose in the luxury segment.

Some GM insiders view the latest Japanese foray as another very serious threat into another critical niche battleground. Others discount the abilities of the Japanese to build and market luxury models — believing the market already is saturated with $30,000-plus automobiles from Europe and the United States.

Publicly, GM executives have said only that they expect the Japanese to be tough competitors in the luxury segment. But they have been mum on revealing GM's strategy — if it has one — to halt the Japanese advances into traditional GM strongholds.

Nevertheless, the planned introductions of the upscale Japanese models next fall has prompted a flurry of internal reports outlining GM's assessment of the Japanese manufacturers' plans and the strategic options GM sees open to its Buick, Oldsmobile and Cadillac divisions.

One such report, issued last March to GM's top product planners and Buick, Oldsmobile and Cadillac executives, calls the Japanese auto manufacturers "the greatest long-term threat" to GM, a threat that could cost many upscale GM dealerships. It adds that the Japanese will eventually dominate the prestige luxury market.

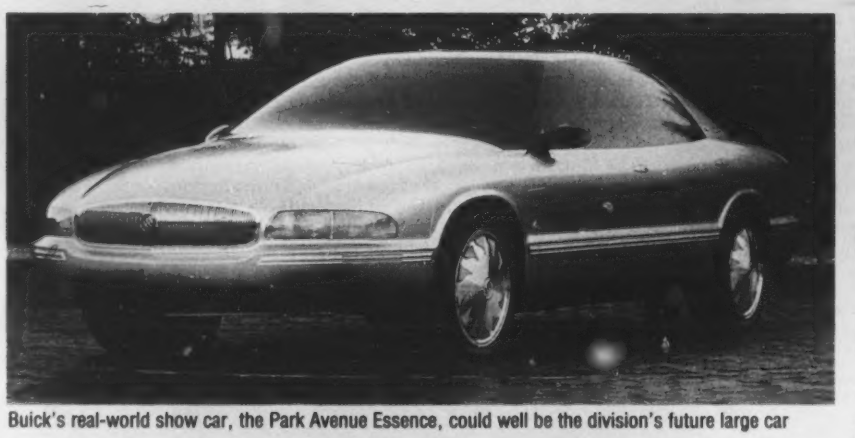
GM expects the Japanese to introduce seven to 10 new luxury nameplates in 1990 and 1991 that will "rival GM styling, pricing and comfort levels, while offering superior levels of quality, advanced technology and electronics that significantly improve ride and handling."

The report concludes:

"Without competitive levels of quality in GM's luxury cars, GM's ability to compete in the luxury market will be substantially diminished."

The report emphasizes the historic success of the Japanese in the United States and sees their ability

see GM, page 44



Buick's real-world show car, the Park Avenue Essence, could well be the division's future large car

It's show time for autos

Glitter galore as Detroit, Los Angeles exhibits open

By Dutch Mandel
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — This week's star-studded opening of the North American International Auto Show is an event of many "firsts."

The show will mark the world introduction of both Toyota's Lexus and Nissan's Infiniti upscale car divisions, which will also show their wares across the country at the Greater Los Angeles Auto Show.

Between them, the Detroit and Los Angeles shows will see the North American premieres of dozens of cars from both Europe and Asia.

Detroit will host the world debut of no fewer than two dozen pre-production prototype and show cars aimed at potential future markets.

It will mark the official rechristening of Detroit's auto show with its loftier international title, as well as be the unveiling of Motown's newly designed and expanded Cobo Hall exhibition facility.

But as Detroit's North American International Auto Show dominates the world and business press, the Greater Los Angeles Auto Show will seek the attention of Southern California-based enthusiast publications and the region's hot consumer market. Dates for both shows are Jan. 7-15.

While the industry's movers and shakers will be on hand for this season's first international show, the stars at Detroit will be the cars.

Though it may be ironical that Japan's Toyota and Nissan would choose Detroit to launch their upscale car divisions, the move also drives home the importance of the North American market as well as the international theme of the show.

As General Motors assesses the seriousness of the Japanese luxury car threat, it will unveil at least one concept car from each of its five divisions — including luxury models from Cadillac and Buick — and a host of other new 1989 models.

Toyota's Lexus 400-LS will debut in Detroit . . .

. . . As will Infiniti's Q-45 sedan

The GM division with the most show vehicles on display will be the company's largest — Chevrolet.

Leading off at the Chevy stand will be the division's newest family of cars, the Lumina coupe, four-door sedan and all-purpose vehicle, the APV.

The first Lumina to make it to Chevrolet dealerships will be the sedan, which will be available by spring. Designated a 1990 model, the sedan will be equipped with four-wheel

see SHOW, page 42

OK expected for NUMMI truck build

By Lindsay Chappell and Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTERS

New United Motor Manufacturing Inc. is pushing forward its application to expand paint shop operations in order to produce pickup trucks for Toyota.

The Fremont, Calif., joint venture between General Motors and Toyota has supplied new information to local environmental authorities indicating it is willing to meet rigid state emission standards on the project.

In California, a Bay Area Quality Management District engineer said it is likely the proposal will be approved, perhaps as early as this May.

A top executive of Toyota Motor Sales U.S.A. said last week that while NUMMI has emerged as the parent company's leading candidate for truck production, he hopes a second plant to produce trucks would be added in the Midwest.

"Using NUMMI is the fastest way we can get truck production, but my answer to Japan (on where to locate a truck factory) was that we should really go to the Midwest for truck production because the middle part of America and the Southeast are the two biggest truck markets," said Robert B. McCurry, executive vice president of sales and operation for Toyota Motor Sales U.S.A. McCurry said he can envision Toyota with two light-truck manufacturing plants in the United States.

He confirmed that NUMMI has submitted additional information to California environmental officials in seeking permission to expand vehicle production.

"I know they have filed and I really, sincerely hope that it is for truck production because we want truck production very quickly. I would assume that is what it is for, but I really don't know," he said. U.S. antitrust laws prohibit Toyota Motor Sales from becoming directly involved in production decisions by NUMMI.

Last summer, NUMMI applied to the district for approval to double capacity by building 200,000 pickup trucks annually for Toyota. However, authorities returned the application for clarification on how the company intended to meet local emission standards, particularly from proposed paint shop operations at the site.

According to the Bay Area Air Quality Management District, which is responsible for approving the expansion plans under California law, the company has now answered "most" of the agency's requests for clarification and appears to be in a good

see NUMMI, page 7

$5 A DAY: *Ford's wage revolution is 75 years old; it made mass production and today's industry possible*

By Louise Kertesz
AUTOMOTIVE NEWS STAFF REPORTER

HIGHLAND PARK, Mich. — Jan. 5, 1914 — 75 years ago this week — was a momentous day for the auto industry and for capitalism.

On that day, in a move one historian called "breathtaking in its boldness," Henry Ford more than doubled his workers' wages to the mind-boggling rate of $5 a day.

In doing so, Ford not only made history, he made mass production — indeed, the industry's future — possible.

Which is to say, he created consumers — workers with enough affluence to satisfy their appetite for goods, especially the goods they built on Ford assembly lines. In the process, the $5 wage made their hard and often distasteful work more acceptable: It allowed workers and their families new-found economic opportunities and assured that they could sustain them.

It was quite a contrast. Because as the new year of 1914 dawned, for most auto workers there were no "lifestyles," only lives. Something had to be done. As 1913 drew to a close, lives spent on nine-hour shifts at Ford's Highland Park, Mich., assembly line were so unappealing that the turnover rate was almost 400 percent a year. Without the hook of high wages, Ford workers simply found easier or less monotonous jobs.

But with that kind of turnover, and the constant influx of "undisciplined" immigrant labor into what was then a high-tech plant, Ford's future production plans were seriously jeopardized.

In 1913, Ford had applied the assembly line to the automotive industry and real mass production was born. And, for 1914, Ford's plan was to move up to three eight-hour shifts rather than the existing two nine-hour shifts, taking advantage of his new technique. For that to work,

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Canadian imports boost U.S. auto trade deficit

By Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — A surge in imports from Canada caused a jump in the U.S. automotive trade deficit in passenger cars and light trucks for September.

The deficit jumped 10.55 percent over the year-earlier figure, due largely to an increase in imports of both cars and light trucks from Canada. However, U.S. exports continued to increase at a healthy pace.

The value of imports increased 16.17 percent for the month, while exports increased 39.21 percent during September.

September's increase in the automotive trade deficit follows a string of declines, including a 6.5 percent drop in August.

Comparing the 12-month period ended Sept. 30 with the year ended Sept. 30, 1987, the automotive trade deficit showed a 4.29 percent improvement. As of September, the United States was running an annualized trade deficit in passenger cars and trucks of $43.521 billion, down almost $2 billion from last year's $45.473 billion. The annual totals reflect a 3.71 percent decline in the number of vehicles imported to the United States in the 12-month period. Exports jumped 21.71 percent during the same period.

Trade numbers from the U.S. Commerce Department show a trade deficit for passenger cars and light trucks of $3.179 billion for September, compared to last year's deficit of $2.875 billion. Total car and truck exports for the month had a value of $977.2 million while car and truck imports were valued at $4.156 billion.

Exports of passenger cars reached 77,898 vehicles with an estimated value of $817.0 million in September. Light-truck exports for the month were 15,379 vehicles with an estimated value of $160.1 million. The value of passenger-car exports was up 38.89 percent to Canada, 1,760 percent to Japan and 196.92 percent to nations lumped in the category of "other" by the Commerce Department. Passenger-car exports to those "other" countries totaled 7,156 units for the month.

On the import side during September, both the quantity and value of car and truck truck shipments from Japan continued to decline. There also were declines in passenger-car shipments from Yugoslavia, the United Kingdom, Italy and France. Shipments from countries classified as "others" also declined for the month.

Canada, West Germany, Brazil, Sweden, South Korea, Mexico, France and Brazil showed import growth in August.

Total car and truck imports in September had a value of $4.156 billion, up 16.19 percent from the $3.577 billion in September 1987. There were 405,705 finished vehicles imported to the United States in September 1988, compared to 349,304 vehicles in September of last year.

Imports of passenger cars reached 348,797

see TRADE, page 45

Skoda slates Favorit for West export

PRAGUE, Czechoslovakia — Skoda will begin exporting its new Favorit model in early 1989.

And, when the car makes its Western debut at the Geneva Auto Show in March, company officials say they will announce a new joint venture with a producer in the West to build engines. However, it is not known who is in the running for the project.

The five-door Favorit will be exported first to Holland, Denmark, Finland and Greece. Other countries will be added in the second half of 1989.

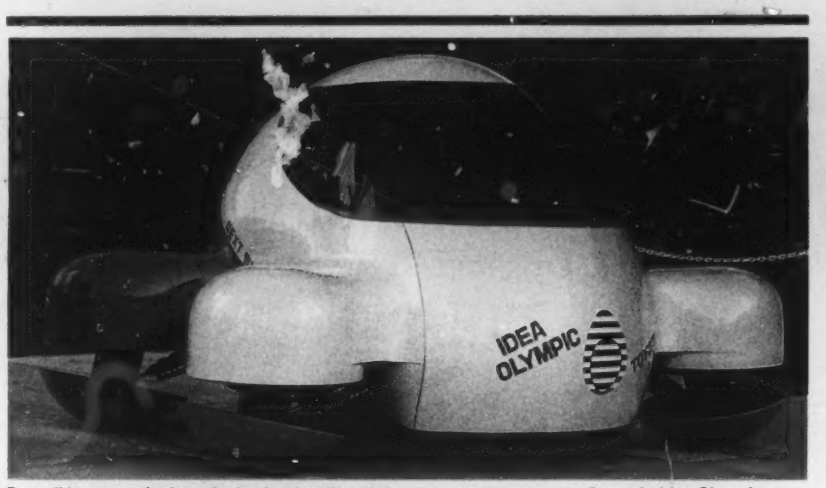
Motokow, Czechoslovakia's auto export company, is eyeing worldwide export of the car, including the United States and Canada.

While details have yet to be worked out, officials say there has been significant interest among potential importers. Plans call for catalyst-equipped versions of the Favorit to be produced in the second half of 1989.

The Skoda Favorit is the first new model from the country in this decade.

Versions exported to the West will have a new 1.7-liter four-cylinder engine.

Importers that have not sold Skoda for years are reportedly interested in handling the Favorit, company officials said.



By walking on wok-shaped wheels, the "Next Wheel" won top honors in Toyota's Idea Olympics

FUN TIME: *Toyota's Idea Olympics spawns far-out concepts*

By Mary Ann Maskery
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — A car that "walks" on Chinese woks instead of wheels is one of the off-the-wall concoctions in Toyota's 13th annual Idea Olympics.

The point of the yearly contest is to stimulate creativity and also to inspire various groups in the company to take up new skills.

The "Next Wheel," as the wokmobile is called, was put together by a group from the engine engineering department led by Yoshikatsu Ikeda. In order to complete the project, the engineers, who work mainly with metal engines, had to learn about molding plastics.

The result is an egg-shaped vehicle spinning freely on wok-shaped wheels through the use of a hydraulic cylinder to change the slope and direction of each wok. It provides the ultimate in four-wheel steering. The entry won the president's prize for the group for the fourth time.

About 5,000 ideas were submitted for this Olympics, and they were culled down to 250 final entries. Several entries were rejected because they were too close to ideas that can be put into production. One group, which proposed a variable stabilizer that changes according to speed and road conditions, was advised to take out a patent instead.

Only those with fantasy need apply.

The stamping die and tooling model making department came up with the "Tom-

see TOYOTA, page 40

Porsche ends 2-year search for U.S. partner

Plan for second line of cars faded when Cook bowed out

By Jesse Snyder
AUTOMOTIVE NEWS STAFF REPORTER

RENO, Nev. — Porsche Cars North America has called off its search for another make to sell through its U.S. dealer network.

"We are no longer looking for sourcing outside our parent company," said Brian Bowler, who took over Nov. 1 as president of the U.S. sales arm of the West German sports-car specialist.

Bowler said he wants to put an end to two years of speculation linking Porsche and a variety of Asian and European automakers not represented in the U.S. market.

Bowler's declaration ended the search committee, which was made up of senior Porsche U.S. executives. The project was started in late 1986 by President John Cook, who resigned abruptly last September, his quest for a marketing partner unfulfilled.

After Peter Schutz was ousted as chief executive of Porsche AG in 1987, German management had not shared Cook's enthusiasm for the project.

Bowler declined to identify automakers that Porsche had discussions with, saying that would break confidentiality agreements.

But he said most potential partners didn't have products or images that would fit comfortably into the same showrooms as Porsches.

Porsche also has become sensitive to how other automakers can, even inadvertently, capitalize on its performance image. In Spain, Porsche's engineering subsidiary redesigned an engine used in the Seat Ibiza, an entry-level car built by the Spanish automaker. Suddenly, there is a booming business in aftermarket "Porsche" stickers that are placed on Ibizas by owners wanting to identify with the upscale make.

"That's a relationship that Porsche wouldn't wish to repeat," Bowler said. He said that wasn't a direct reason for calling off plans to sell another make in U.S. Porsche dealerships, but he noted that the Spanish situation "is part of an awareness of what can happen."

Cook's original plan had been to provide an import distribution and marketing umbrella and network of interested Porsche dealers for an upscale make that could be sold alongside Porsches.

At the time, U.S. Porsche sales were already beginning to drop from a peak of 30,000 annually toward the current 15,000-unit level. Both Porsche Cars North America and dealers (most of whom also handled beleaguered Audi) had capacity to handle more units and another line was considered the answer.

However, Porsche Cars North America laid off more than a third of its personnel last year. Bowler said that no additional layoffs would be necessitated by his calling off the search for outside sourcing.

Cook sold the original plan as a dealer-requested project. But Bowler said that sentiment seems to have faded. At a pre-Christmas round of dealer meetings, Bowler said many dealers applauded his announcement that the search has been called off.

"The feeling I got from dealers was that they were glad that Porsche was concentrating on its own affairs," he said.

Ferrari sues Calif. maker of look-alike kit car

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — What's in a name? More than just a label, if the name is Ferrari.

In a precedent-setting federal case, Ferrari is seeking to extend trademark protection beyond its name to include the design itself and the exclusive aura surrounding one of its most coveted cars, the 365-GTB Daytona Spyder.

The Fiat unit hopes to stop a California kit-car maker that builds a look-alike in a jury trial beginning Feb. 28 in U.S. District Court in San Diego.

The case pits Ferrari against San Diego kit-car maker Thomas McBurnie of McBurnie Coachcraft, but it could set a precedent in the replicar business.

McBurnie makes the McBurnie California Daytona Spyder, which is essentially a fiberglass, Ferrari look-alike body on a Corvette chassis.

A version of the California Daytona Spyder became famous on the "Miami Vice" television show.

McBurnie said last week that 84 California Daytona Spyders have been made, with another 22 in production.

According to court records, McBurnie admits he displayed and advertised his car with Ferrari logos on it at least once, but attorneys in the case said the Ferrari name is not the central issue.

Ferrari is expected to argue that regardless of the label, the look-alike is an illegal copy since the public is liable to confuse it with the real thing, cheapening Ferrari's image.

The original Daytona Spyder is a collectors' item that has been auctioned for more than $1 million apiece.

Ferrari introduced the Daytona Spyder in Europe in 1969 and made only 127 models before production ceased in 1974. Only 69 were sold in the United States.

"This car is a work of art," said Kenneth Umans, a New York attorney who represents Ferrari S.p.A., based in Modena, Italy.

"It's not like a toaster that disappears, or a car that nobody cares about after two years. Ferrari doesn't want buyers of its cars to go out and see 600 imitations driving around," he said last week.

McBurnie makes no bones about the fact that his Daytona Spyder is intended to look like the original.

"I styled the car to give the illusion of being the original Daytona Spyder," he said last week.

Court records said McBurnie will argue that Ferrari "abandoned" its rights to the design when it quit making the car.

Umans countered that the Daytona Spyder is important to Ferrari's public image and has remained prominent in the public eye, even though it's no longer made. Court records show McBurnie failed in a motion to have the case dismissed because of the "abandonment" issue.

McBurnie said last week that if Ferrari prevails, the case will open a "Pandora's Box" for car designers.

"How far away from a design do you have to be before it's your own original design?" he asked.

McBurnie said that among other differences, his version is three inches longer and four inches narrower than the original and has different doors, windows and windshield.

"I don't think they can stand up in front of a jury and say that in 1973 or '74, the car was selling for $29,000, and today it's been sold for $1 million to $2 million, that Tom McBurnie has caused them to lose," he said.

LeSabre facelift
Buick will drop the nondescript flat grille on its LeSabre in 1990 in favor of one resembling other grilles in the division's family. The new grille will bulge out and consist of vertical chrome bars instead of the horizontal style on the current model. The car also will have a new bumper that drops in the center section, setting the new model apart.

POPULAR MECHANICS/JIM DUNNE

Electronic blue books gain favor

Dealers slow to embrace them, but acceptance is growing

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

Franchised dealers have been glacially slow to accept computerized pricing guides for used vehicles, yet blue book publishers say the market is growing.

"More dealers are inquiring about electronic value guides," said Arlene Weinstock, marketing representative for the National Automobile Dealers Association's Value Guide. "It used to be that we never received calls. Now we're getting inquiries every few weeks."

Insurance companies, leasing firms, banks and government agencies have been quicker to embrace electronic value guides than dealers.

"The market is growing every day and will play a larger role in the business," said Bob Eads, general manager of California-based Kelley Blue Book. "The main thing is to let dealers know it is available."

Kelley has an electronic version of its appraisal book that dealers can access by telephone. Figures are based on auto auction reports and other sources.

Kelley Appraisal Reports has been on the market for about 18 months. It took the company four years to develop the software for a market potential that Eads says is about 60,000 subscribers.

The service costs $300 per month for five hours of "connect time" with the company's mainframe computer. Eads said the program has about 230 subscribers, primarily auto dealers but some insurance companies and banks. It has turned the corner and is now profitable for the company, Eads said.

Resistance by dealers' used-car managers is apparently the greatest impediment to marketing electronic value guides.

"We have found that the dealers and general managers are enthusiastic about the program but the used-car manager is fearful that electronic guides, once in the system, will replace him," Eads said.

Chicago-based Red Book also sells an electronic version of its value guide, priced at $5 per transaction. The company said it receives 1,500 to 3,000 inquiries per month from insurance companies for replacement values of cars.

"We have had good success with insurance companies," said John Heffinger Jr., publisher of Red Book. "The reason is that they are reluctant to hire used-car managers who can really appraise a vehicle."

Heffinger said the company has tried to market the product to dealers but has had limited success.

"It sounds like a great idea but, in reality, it's tough to sell," he said. "What's faster when a customer brings in a trade-in — going to a computer or getting a quick figure from a blue book?"

Heffinger said experienced used-car managers know how to buy used cars and how to remarket them.

"If a used-car manager needs a computer to tell him the values, then he probably doesn't know what he is doing," he said.

Another Chicago-based company, CCC Information Services, offers electronic evaluation of vehicles to insurance companies only.

The company was established to help insurance company adjusters settle claims for stolen, damaged or totaled vehicles.

It has 130 insurance customers — including State Farm Insurance and Allstate — but does not currently offer an electronic value guide for dealers.

"We are looking at providing a service to dealers but offer nothing currently," said William R. Geen, vice president — valuation services.

He said the company sells information on a per-transaction basis, depending on the volume of business.

Georgia-based Black Book sells new-car price information on diskettes to leasing companies. They use it to establish residual values and vehicle costs.

"The market is not overwhelming, but the product is selling well," said Gene McDonald, president of Black Book.

He said the company breaks even with its electronic price guide but expects the product to turn a profit this year.

"There is a market out there, but the extent of it is unknown," said McDonald.

He said electronic value systems are impractical for dealers because printed books are less expensive and more convenient — Black Book fits into a shirt pocket.

Prices are generally lower for the printed books, too. The NADA Official Used Car Guide has a median subscription price of $27, while the weekly Black Book costs $62 annually, for example.

"There are some uses for electronic information, in-

see ELECTRONIC, page 7

Commerce on '89: Cars off, trucks up

By Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — The U.S. Commerce Department predicts that new-car sales will slip in 1989 and truck sales will gain modestly.

In its annual economic report "U.S. Industrial Outlook 1989," released yesterday, the department's Office of Automotive Industry Affairs forecast 10.6 million passenger-car sales for the year and 5.0 million light-truck sales for the year, compared with the its estimate of 10.7 million car sales and 4.9 million truck sales for 1988.

U.S. sales of North American-built passenger cars will be 7.6 million for 1989, down from an estimated 7.7 million in 1988, the Commerce Department said. That includes vehicles produced by transplant automakers in North America. Sales of imported cars will remain constant at 3.0 million, according to the report.

The anticipated 1989 market share for North American-built cars, including passenger cars produced by foreign-owned factories, is 71.6 percent, the Commerce Department said. Sales of vehicles imported from Japan will account for an estimated 17.6 percent of the market. All other imports will account for 10.8 percent of the market, according to the forecast.

The government projections mean a slight decrease in market share for North American-built cars from the estimated 71.7 percent they held in 1988, despite the fact that North American capacity is increasing due to transplant manufacturing.

The government's numbers also portend a drop in market share for Japanese imports from the 18.6 percent estimated for 1988, and an increase in market share for all other imports, which are estimated at 9.7 percent of the market for 1988.

The Commerce Department did not forecast separate sales outlooks for both traditional American-owned automobile manufacturers and transplant manufacturers, as has been done in years past. That means the department is no longer predicting how vehicles produced in North America by U.S.-owned companies will fare vs. vehicles produced here by foreign rivals.

For 1989, the Commerce Department is forecasting a decline in sales of small, intermediate and large cars, but expects some growth in sales of compact cars.

The report said the domestic light-truck market will "continue to be the strongest performer in the industry. Helped by the shift in the currency values, the domestic industry has been capturing record market shares in compact pickup trucks. Market share in 1988 was almost 68 percent, compared with 57 percent the previous year.

"Market acceptance of minivans has also been extremely strong," the Commerce Department said. "In particular, compact passenger van sales have been growing at an average annual rate of more than 25 percent since 1985.

"Another important development has been the explosive growth in demand for multipurpose vehicles, which have increased at an average annual rate of more than 10 percent since 1985. Multipurpose vehicle sales are likely to continue to grow as new product offerings broaden the appeal of this type of vehicle," the report said.

The Commerce Department projections assume the Japanese government will discontinue its voluntary restraints on Japanese car exports to the United States as of April 1, 1989. It also expects exchange rates to remain between 120 and 140 yen to the dollar throughout the year.

The report predicts a fiercely competitive 1989 for all vehicle producers selling in the U.S. market due largely to foreign exchange rates. The depressed value of the dollar has brought parity to the production costs of most manufacturers, thus wiping out artificial pricing advantages, the report claims.

Although the current currency situation is of most benefit to domestic manufacturers, the forecast cautions U.S.-based automakers not to become overly reliant on favorable exchange rates for continued prosperity.

In 1989, the report said, "The ultimate level of sales will depend on the overall strength of the economy and further changes in the value of the dollar. Price increases on foreign cars because of the lower value of the dollar vis-a-vis other currencies could lead to a better performance among domestic manufacturers, allowing them to regain

see COMMERCE, page 45

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Executives' deaths alter VW auto show plans

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

A memorial service for James Fuller will be held at 11 a.m. Thursday — the same hour that the late head of Volkswagen United States was to have introduced the company's newest model to North America.

VW and its sister division, Audi, have canceled back-to-back press conferences that had been scheduled for the North American International Auto Show in Detroit.

"It just doesn't seem particularly appropriate right now," said a spokesman for Volkswagen U.S.

Fuller, who was vice president in charge of Volkswagen U.S., and marketing director Lou Marengo were killed Dec. 21 while returning from West Germany aboard Pan Am flight 103.

Though there will be no formal presentation, the VW Corrado and the Audi V-8 will still be displayed this week in Detroit and at the Los Angeles Auto Show. It will be the first U.S. showing for both vehicles, which go on sale later this year.

A memorial service for Marengo was held Dec. 26 in Rochester, Mich., where he lived. A second service was scheduled for last Friday in Granada Hills, Calif.

Volkswagen of America President Noel Phillips, who had been in South Africa for the holidays, was to return to the United States for Marengo's second service. Phillips is taking over Fuller's duties until a successor is named.

On the day after the crash, Phillips phoned Doug McDonald, chairman of the VW dealer council, to say the company's first concern would be to take care of the needs of the victims' families, McDonald said.

Phillips has served as an interim chief before on VWoA's Audi side, where the company has replaced three vice presidents since 1986. He's expected to be looking for a candidate who knows the U.S. market, understands the dealer network and can work effectively with Volkswagen AG overseas.

There is a possibility that Hans-Jorg Hungerland, who is scheduled to replace Phillips March 1 when Phillips leaves to head VW's Autolatina joint venture with Ford in Brazil, could come to the United States earlier. But that could depend on how much work remains for Hungerland in his current job as export sales manager for Volkswagen AG, the spokesman said.

The top Volkswagen United States sales executive under Fuller is Rich Weidman, who was named to the position in early 1988.

VW will likely reschedule the Corrado press presentation for the New York Auto Show in late March, the spokesman said.

The memorial service for Fuller is scheduled for 11 a.m. Thursday at Christ Church Cranbrook, 470 Church Road, Bloomfield Hills, Mich.

Contributions in Fuller's memory may be sent to two organizations: Mothers Against Drunk Driving, 669 Airport Freeway, Suite 310, Hurst, TX 76053; and St. Vincent and Sarah Fisher Center, 27400 W. 12 Mile Road, Farmington Hills, MI 48018. The center is a home for abused and neglected children.